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BUSINESS WEEK

APR. 3, 1948



Raymond F. Evans: A chemical pioneer welcomes a distinguished neighbor (page 6)

USINESS
EEK
DEX

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NUMBER FOUR OF A SERIES

SAMUEL KIER, *father of petroleum refining, was the first to perfect a "purification" process after repeated distilling experiments in his buggy shed and basement laboratories and thus founded the gigantic refining industry we know today.*

Samuel Kier's distilling experiments in his buggy shed laboratory and his thousands of tests with oil lamps in his cellar work shop resulted in the basic "purification" methods of today's gigantic refining industry. Subsequent development of Kier's refining process created hundreds of new uses for petroleum and further developed countless oil by-products. The demand for volume production of oil necessitated the introduction of new and more capable drilling equipment with which to penetrate oil formations of greater depth and resistance.



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>
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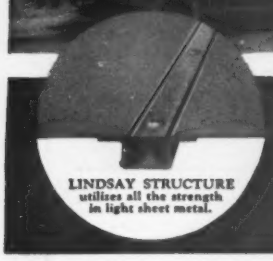
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THE COVER

Raymond F. Evans is president of Diamond Alkali Co., pioneer among the chemical industries of the Painesville-Ashtabula area of Ohio. When Glenn L. Martin Co. began shipping vinyl plastic from its new Painesville plant last week, Evans and Diamond Alkali were in the picture, too. Anhydrous hydrogen chloride, an important raw material in Martin's process, was being piped from the big Diamond plant to Martin nearby.

• **Heritage, Experience**—Evans became president of Diamond Alkali last May. He is young (39), but qualified by heritage and experience for the job.

His father, T. Raymond Evans, was president of the company at one time. He was regarded as one of the guiding geniuses of Diamond during its formative years.

The younger Evans started with Diamond at the Painesville plant in 1931. For five years he gathered experience on several operational jobs.

Then he started a campaign to upgrade Diamond's research program. Placed in charge of a small experimental unit, he laid the framework for the company's present large research and development program.

In 1941 Evans became president of Diamond Magnesium Co., which operated a government-built magnesium plant during the war. Two years later he was back at Diamond Alkali as vice-president and general manager of the sprawling Painesville plant.

• **Expansion**—While serving in this job he was instrumental in the expansion of Diamond on a national basis. He became executive vice-president in 1946.

As part of the expansion plan, Evans decided to move the company's general office from Pittsburgh to Cleveland for better coordination. (His connections include both cities: He is a director of the Mellon National Bank & Trust Co. of Pittsburgh and a director of the Cleveland Trust Co.)

—Complete story on Cleveland area's chemical growth starts on page 36.

BUSINESS OUTLOOK

BUSINESS WEEK

APRIL 3, 1948

SERVICE

Prices of metals are going up. Users are clamoring to get their orders on producers' books.

This cancels all previous bets. Producers of nonferrous metals had been confident of a good first quarter right along. But they foresaw some softening of demand—and perhaps prices—by summer.

Now they can't see any trouble any time during 1948.

•

Stockpiling alone will keep metals in tight supply. And if military expenditures are upped between $2-billion and $4-billion besides, there isn't much doubt about demand exceeding supply far into the future.

People who doubt this just aren't looking at the situation straight.

Most plentiful of all the major metals a while back was zinc. The government bought a little for stockpile, and up went the price.

Another sample: Rubber stockpiling sent a weak market skyrocketing.

•

Steel is beginning to feel the "war boom" psychology.

Industries that figure their steel quotas will be cut as munitions output rises are eager bidders now. On top of that, steel mills are receiving "inquiries" that look like the forerunners of military orders.

If and when those inquiries turn into orders, look out!

An appreciable amount of steel will be used in the aircraft program. But the Navy also will increase takings, and added Army orders aren't unlikely. Iron Age predicts the earliest pinch in plates and bars.

•

Budget unbalancer: Arming for World War III will be a lot more expensive than for World War II. Unless prices are rolled back (a terrific job, at best), Uncle Sam's dollars won't buy more than half to two-thirds as much as they did back in 1940-41.

•

Biggest economic problem now is whether strength in tight lines will offset developing weakness elsewhere. Right now, the chances look good; the deciding factor likely will be war psychology.

Textile people three weeks ago were dusting out the storm cellars. Now they feel perfectly safe.

Demand may slide before they get orders to clothe the enlarged armed services. But the trade is trying to talk its way around this.

Lines that were facing price declines a few days back now say unabashedly: "Supply is barely equal to demand. If military orders rise, it can only mean taking that much right out of civilian supply."

But all this can boomerang. If military orders are slow in rising, if Congress is niggardly about the money, things can take a spill.

The trouble could be worse because of the overconfidence that is being built up now.

•

Inflationary aspects of the present situation aren't getting enough attention in Washington. That's part of the bluff.

Thinking is: "If Russia scares, we don't have to go through with this."

That attitude has two weaknesses: (1) Russia quite possibly won't scare, particularly when we admit we are bluffing; and (2) business is counting strongly on something more than token munitions contracts.

If the bluff doesn't work, business looks for a return to priorities and

price controls. But prices may go a good deal higher before that happens.

•

Even the possibility of price controls doesn't stop some eager buyers.

One purchasing agent was asked this week why he was reaching for copper when the government might push the price down later. His answer was simple: "Anyway, I'll have the copper."

•

Coal stoppages had just begun to bite into steel production this week as the government moved to force the miners back into the pits.

As things stand now, John Lewis hasn't cost the country a great deal of steel. Operations during the first two weeks of the strike held above 95% of rated capacity. This week they were just under 90%.

•

Railroad carloadings for the first quarter of 1948 made a much poorer-than-expected showing.

Some business analysts are trying to build that into a recession. However, the figure for total carloadings hasn't meant much so far this year.

First blow was bad weather that hampered the roads while also pinching industrial output. Second was the drop in commodity prices, which cut the grain movement. Finally came the coal strike.

None of these necessarily reflected basically unsound business conditions.

•

Carloadings figures to watch these days are those for miscellaneous and less-than-carload-lot freight.

These reflect movement of production into trade—from factory to store—to a major extent. And they have held pretty close to a year ago.

True, there have been small declines in most weeks. These indicate that store volume is below a year ago in units—though still ahead in dollar value of transactions.

But it should be noted that the decline in "misc. & l.c.l." freight is very small. So small, in fact, that it may be due mostly to weather.

As a measure of consumer demand, it doesn't yet spell danger.

•

Whether there will be any trains moving to haul loaded cars by the end of this month is a problem that will grow each day.

Best information is that the engineers and firemen will not accept the 15½¢ an hour recommended by the emergency board (page 110). Legally, there is nothing more the government can do to prevent a walkout on Apr. 26.

But that timing isn't certain. Conductors and other trainmen are back for another boost. They won't be able to strike for at least 90 days.

And they wouldn't have any pay to fight over if the engineers and firemen stopped the trains. If there is a strike, it probably will be somewhere between Apr. 26 and the date when the conductors can walk out.

•

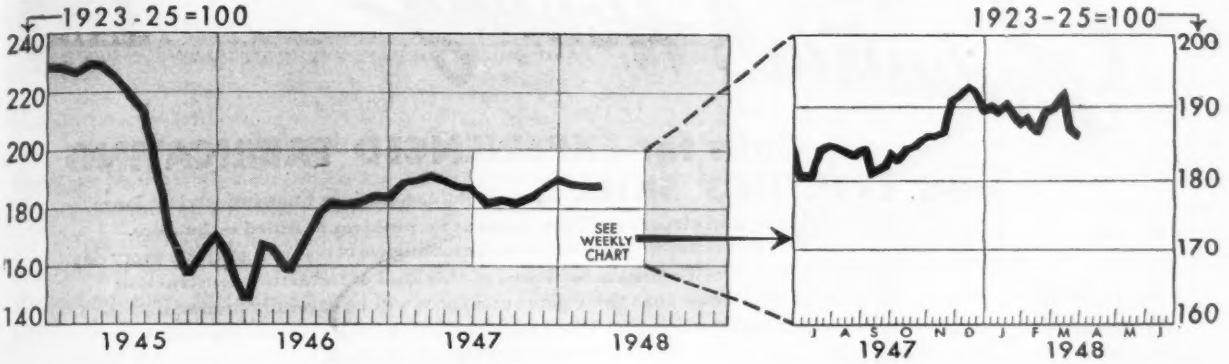
Personal incomes in February and March will turn out to have been below January's record annual rate of $211-billion. This might even prevent the quarter just ended topping last year's record fourth quarter.

However, this doesn't mean a slide in business. Weather resulted in lower wage payments. Lower prices reduced farm income.

Both these segments of personal income now are on the rise again.

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FIGURES OF THE WEEK



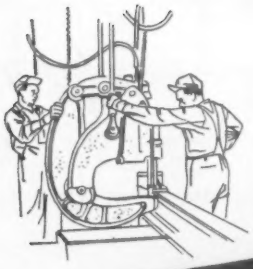
	§ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Business Week Index (above)	*186.7	†187.5	190.3	194.2	162.2
PRODUCTION					
Steel ingot operations (% of capacity)	89.4	95.7	94.6	95.4	97.3
Production of automobiles and trucks	108,057	†115,556	120,130	100,355	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	$22,625	$21,171	$24,305	$16,804	$19,433
Electric power output (million kilowatt-hours)	5,065	5,145	5,252	4,729	3,130
Crude oil (daily average, 1,000 bbls.)	5,377	5,240	5,387	4,865	3,842
Bituminous coal (daily average, 1,000 tons)	727	2,219	2,150	2,148	1,685
TRADE					
Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	83	81	82	85	86
All other carloadings (daily average, 1,000 cars)	34	52	52	56	52
Money in circulation (millions)	$27,851	$27,920	$28,054	$28,170	$9,613
Department store sales (change from same week of preceding year)	+9%	+4%	+15%	+12%	+17%
Business failures (Dun & Bradstreet, number)	101	106	93	63	228
PRICES (Average for the week)					
Spot commodity index (Moody's, Dec. 31, 1931=100)	410.9	407.8	409.2	422.7	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)	268.7	†267.8	272.5	283.8	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)	368.4	371.5	370.6	348.1	146.6
Finished steel composite (Steel, ton)	$81.14	$81.14	$81.14	$69.82	$56.73
Scrap steel composite (Iron Age, ton)	$40.25	$40.25	$40.00	$37.33	$19.48
Copper (electrolytic, Connecticut Valley, lb.)	21.500¢	21.500¢	21.500¢	21.500¢	12.022¢
Wheat (Kansas City, bu.)	$2.38	$2.48	$2.43	$2.80	$0.99
‡Sugar (raw, delivered New York, lb.)	5.40¢	5.38¢	5.47¢	6.14¢	3.38¢
Cotton (middling, ten designated markets, lb.)	35.15¢	34.20¢	33.27¢	35.81¢	13.94¢
Wool tops (New York, lb.)	$1.820	$1.826	$1.855	$1.550	$1.281
Rubber (ribbed smoked sheets, New York, lb.)	21.19¢	20.35¢	19.88¢	25.17¢	22.16¢
FINANCE					
90 stocks, price index (Standard & Poor's Corp.)	117.7	115.3	111.6	121.3	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's)	3.53%	3.54%	3.53%	3.15%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's)	2.82%	2.83%	2.84%	2.53%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	1½%	1½%	1½%	1¼–1½%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	1⅛%	1⅛%	1⅛%	1%	½–¾%
BANKING (Millions of dollars)					
Demand deposits adjusted, reporting member banks	46,391	47,011	47,559	45,288	††27,777
Total loans and investments, reporting member banks	63,232	63,756	64,057	63,461	††32,309
Commercial and agricultural loans, reporting member banks	14,484	14,578	14,591	12,192	††6,963
Securities loans, reporting member banks	1,560	1,515	1,707	1,883	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	35,469	36,060	36,281	39,480	††15,999
Other securities held, reporting member banks	4,342	4,303	4,166	4,130	††4,303
Excess reserves, all member banks	720	960	830	559	5,290
Total federal reserve credit outstanding	21,429	21,187	21,707	23,486	2,265

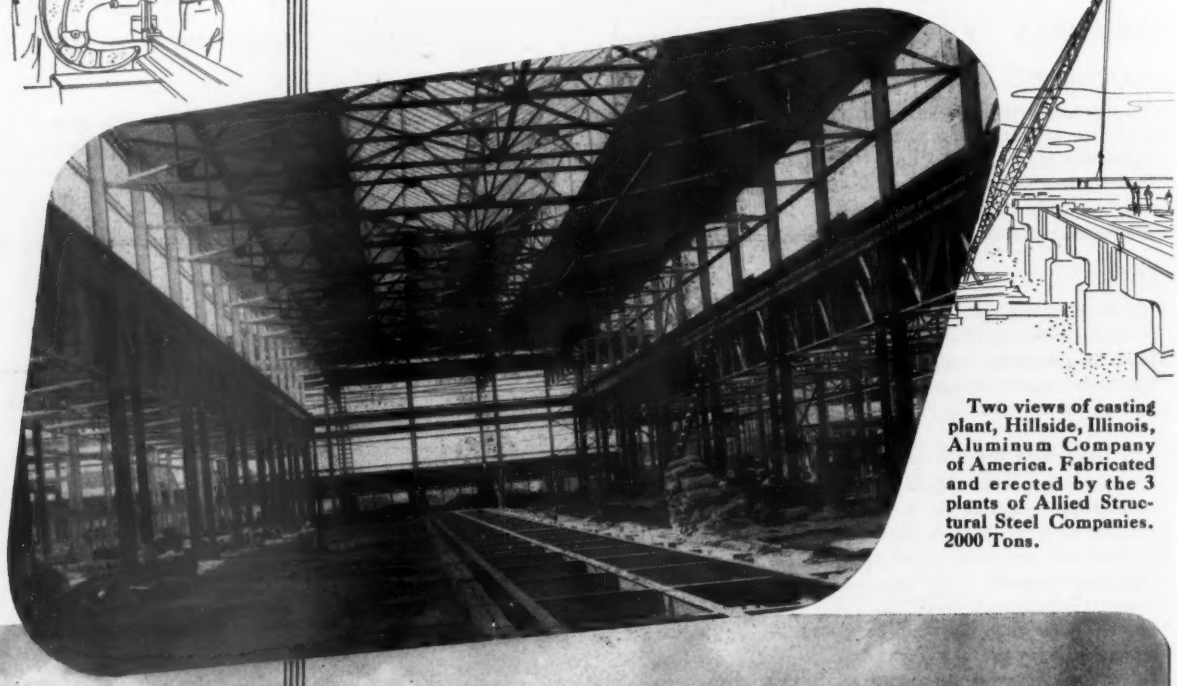
*Preliminary, week ended March 27th. †Revised. ‡Ceiling fixed by Government. §Date for "Latest Week" on each series on request. ††Estimate (B.W.—Jul.12'47,p.16).

Industrial Housing

Calls for EXPERIENCED FABRICATING and ERECTING SKILL

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- **MIDLAND STRUCTURAL STEEL CO., 1300-20 S. 54th Ave., Cicero 50, Ill.**

WASHINGTON OUTLOOK

LEND-LEASE of military equipment for Western European Union is the next step in Truman's program to block Russian expansion.

It's only talk now. Whether the talk turns into another St. Patrick's day message hangs on events abroad—civil war in Italy could bring it on.

The idea was proposed for inclusion as a second threat in Truman's Mar. 17 message. It was discarded then to underscore the meaning of the prime U. S. challenge: American men.

Also, the decision was that guns might not be necessary. Stalin might listen, and stop.

•

This wait-and-see attitude still prevails on lend-lease.

Reason: It looks more like a step toward war than a maneuver intended to avert war. As we said last week, Truman's psychological offensive is an attempt to head off war, not prepare for one.

But more significant to businessmen is the fact that lend-lease, if it comes, will really pinch the domestic economy.

There are no hard-and-fast figures yet as to how much military lend-lease would cost. But you can count on it doubling, at least, any munitions production program now in sight (page 19).

The job would be one of providing tanks and guns for French soldiers, planes for Britain's RAF. The French would like equipment for at least 10 combat divisions—roughly 100,000 men.

•

Controls would be needed to double the scale of munitions output now in the cards.

The Controlled Materials Plan probably wouldn't be revived. But there would be a definite priorities system, and allocation of industrial materials—also limitation orders, on such relative nonessentials as commercial construction.

Arthur Hill's National Security Resources Board is drafting standby legislation reviving the wartime administrative machinery such as WPB. The bill is supposed to be ready for Truman to look over in a couple of weeks.

Major point in dispute is who will get priority and allocation authority. The generals and admirals are campaigning to get the job for Forrestal's Munitions Board.

•

SPAIN WON'T BE LISTED as an ERP nation in the legislation that goes to Truman next week. But before the Marshall Plan runs out, Spain will be in it.

The House vote this week to shoehorn Spain into ERP was a shock because of its timing: It's Communist political ammunition in every election in Europe.

But down deep, the State Dept. knows that if you're battling Communism every enemy of Communism is your friend; the point is, however, that acceptance of Franco can be palatable only if the European nations themselves take him in.

Europe already is heading that way. Portugal has formally suggested inviting Franco to sit in. And France is now quietly negotiating a trade pact with Spain.

•

AFTER 80 DAYS—what then?

Emergency provisions of the Taft-Hartley act have been invoked in three disputes: Oak Ridge atom workers, meat, coal. If the 80-day injunction delay provided by the act fails to bring a settlement, Truman can only dump the situation into the lap of Congress.

Already, there's some thinking on Capitol Hill about what could be done. The only suggestion some supporters of the law have come up with so far: compulsory arbitration, with strings on how far the arbitrator can go.

On a straight wage issue, for instance, there's talk of limiting any adjustment to the increase in the BLS cost-of-living index since the last contract —something like the wartime Little Steel Formula.

On other issues, such as pensions, the talk runs to restricting the arbitrator to a finding of practices in comparable industries.

The net effect, of course, would be a blow at industry-wide striking. If labor wanted to get an increase in real wages—that is get ahead of the BLS index instead of merely catching up—it would have to work through strikes small enough to escape a Taft-Hartley injunction.

•

Nobody has reduced all this to legislative form yet. Nobody wants to try, either; both compulsory arbitration and an industry-wide bargaining ban were voted down last year when the Taft-Hartley law was passed. And this year Congress is in no mood to act on any labor-management measures if it can avoid doing so.

•

YOUR TAX REPORTS—the revised estimate this June and final computation next March—are

going to take some fancy figuring (page 21). The Republicans planned it that way.

Internal Revenue people offered Millikin's Senate Finance Committee a new set of surtax rates that would have let you figure your tax in one operation.

The committee chose to let you compute your tax from the wartime schedules, then subtract a percentage cut. That way you will see exactly how much the Republicans saved you.

Of course, this isn't a new brand of political honey. Democrats did it too, in the smaller and less complex tax cut of '45.

•

WISCONSIN AND NEBRASKA primaries in the next 10 days could provide the tipoff on who will be the Republican nominee for President.

Wisconsin votes next Tuesday. It's a three-corner contest—MacArthur, Dewey, and Stassen.

Nebraska votes a week later. It's a free-for-all with everyone entered. Taft, Dewey, and Stassen are actively campaigning.

If MacArthur takes Wisconsin (he's the favorite son) and Taft wins in Nebraska, you'll see the old-guard, noninterventionist faction of the party riding high, wide, and handsome. Fence straddlers among the statehouse and courthouse crowds will figure it's time to climb down.

Turn it around—Dewey making a strong showing in Wisconsin and capturing Nebraska—and you have the internationalists of the G.O.P. in the saddle.

Probably neither Taft nor Dewey could kill the other off for certain in these tilts; each has a backlog of delegates outside the Midwest. But the faction of the party that comes out on top this month might well be strong enough to pick the compromise candidate at Philadelphia if there's a Taft-Dewey deadlock.

•

For Stassen, of course, Wisconsin and Nebraska are make-or-break territory.

If he trails badly, he fades out as Willkie did in the same test in '44. If he bests Dewey in Wisconsin and both Taft and Dewey in Nebraska, he just about becomes the man to beat at Philadelphia. A good showing in the Ohio primary on May 4 could nail it down.

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IT'S NEARLY TIME for Congress to have a squabble about tariffs again.

The Republican majority has no stomach for the job. G.O.P. leaders would like to let the June 12 expiration date of the Hull Reciprocal Trade Act simply pass unnoticed.

But there's a big-name lobby building a bonfire of public demand for another extension. The lobby is headed by Gerard Swope, honorary president of General Electric, and Charles Taft, the senator's brother.

Its program: Organize a grass roots campaign by civic groups, business, labor, and farm organization in order to put the heat on individual congressmen.

The Swope-Taft argument is that U. S. reciprocal trade policy is a pillar of American international economic policy. As a tariff matter, extension is more or less academic; the 23 trade deals worked out at Geneva last year pretty well cover the private export-import trading that's likely under today's conditions.

Likely outcome: extension for one year. That puts the issue up to the new President and the new Congress.

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MARSHALL'S TRIP to the Pan-American conference at Bogota doesn't mean that he thinks the Russian crisis is over.

But don't fall for any scare headlines if he flies back before the sessions adjourn.

The fact is that the U. S. couldn't afford to send a second team to sit with the Latin Americans. And even at Bogota, Marshall is only a day away from his desk.

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• The Navy is bringing up-to-date the 1941 edition of its pamphlet: "How to Do Business With the Navy." It'll be available in a few weeks, will tell you what products the Navy buys; where; whom to see; and contract terms. . . .

• Agriculture Under Secretary Norris Dodd is slated to head the U. N. Food & Agriculture Organization—not to succeed Secretary Anderson. Some other department careerist will fill out the secretary's term when Anderson quits to campaign for the Senate. . . .

• The Justice Dept. is O.K.ing a 45-day extension of the temporary antitrust exemption for the oil industry's fuel-oil allocation program. . . .

• When John Goodloe quits as chairman of RFC later this year he will step into a job with Coca-Cola at a reported $75,000 a year. . . .

• Sen. O'Mahoney's actions indicate that he is certain Truman has decided upon him as a running-mate.

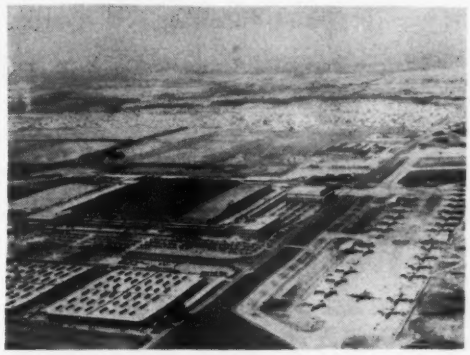
BUSINESS WEEK

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BOEING-WICHITA EXPANDS

Boeing Airplane Company is beginning an expansion program of its Wichita operation that will include all Plant II facilities, according to present plans of Boeing and the U. S. Air Forces. This expansion is planned on an accelerated basis for the immediate future, and on a normal basis for the extended future.



BOEING NEEDS 1,000 SKILLED EMPLOYEES
IN NEXT 30 DAYS—HUNDREDS MORE IN COMING MONTHS

B-29 MODERNIZATION is the official reason for reactivation this week of the $27-million bomber plant in Kansas. But Boeing will be in a better position for all-out production if the international situation should require a quick boost in bomber output

War on the Horizon?

That's the big question businessmen want answered. We face token rearmament now. That may lead to new lend-lease, or even to armed intervention in Europe. But all-out war isn't likely.

The No. 1 puzzler in every businessman's planning today is the international situation. It's the biggest single thing he has to take into consideration. At the same time, it's the toughest to appraise.

• **Once Before**—Back in 1940, when we were edging into the European war, business was faced with a somewhat similar problem. But there is one significant difference today.

The question then was a simple yes-or-no affair: Do we get into the war or don't we? Today it's possible to distinguish at least four different levels of military activity to which the U. S.-Russian struggle might lead:

A SYMBOLIC REARMAMENT program, such as that outlined in President Truman's St. Patrick's Day speech.

A LEND-LEASE OPERATION to provide munitions for the Western European armies.

LIMITED WAR, through U. S. intervention in a series of local civil wars.

DIRECT TOTAL WAR between the United States and Russia.

• **Stage No. 1**—Symbolic rearmament is a limited program. It stresses the draft of men rather than munitions output.

Its objective is limited, too. It's not particularly aimed at preparing the country for actual fighting. It's real motive is to impress Stalin with America's determination to counter Russian pressure on the non-Communist world.

• **Stage No. 2**—Lend-lease, also partly psychological, is the likely next step if troubles continue in Europe.

No one thinks that arming, say, 10 French divisions, would enable them to stand up against the Red Army. But it would reduce the chance of insurrection. And it could have two important results: (1) It might prevent the French from voting themselves, out of panic, into Stalin's arms; and (2) it might make France a less-tempting morsel in Russian eyes.

• **Stage No. 3**—Limited war would be like what's now going on in Greece—only more so. This is what you can look for if the present psychological campaign fails.

Suppose the Soviet Union responds to that campaign by stepping up open political aid and covert military aid to the Communist Parties inside the U. S. zone of influence. Then you would see America contributing arms, and maybe men, to support, against Red risings, the governments it chooses to regard as legitimate.

This could be the final stage. Limited wars don't always expand.

• **Stage No. 4**—A full-scale war still looks pretty remote. This country would hardly precipitate it. But it could come if the Red Army actually invaded Norway, western Germany, Italy, Greece, or Turkey—maybe even Iran.

• **Which One**—For which of these four levels should you gear your business thinking? That depends on your estimate of Russian willingness to stake everything on battle. So far, there's no sign that Russia feels up to taking on the United States, or that it values any of the prizes at issue enough to risk that desperate gamble.

On that basis, the chance of reaching even Stage 3 is less than even; of reaching Stage 4, very low. But you still have to reckon with the tragic paradox of power politics—that you go to war to protect positions which are important to you only because you'd need them if you ever went to war. You can tell better where it's all heading after the Apr. 18 elections in Italy.

• **Present Status**—In any case, Stage 1 is what you have to deal with now. What does that mean to industry?

Directly, not very much. Manpower in uniform is the big thing in Truman's present program. The Administration plan is to increase the armed forces by about 350,000 men.

Not many of these men will represent an immediate loss to industry's labor market.

So far as a direct drain on goods is concerned, the draft proposals will mean uniforms and rations for an armed force of 1,734,000 instead of the present 1,384,000—partly offset by the civilian clothes and civilian meals the new men won't need.

• **What About Munitions?**—There is a battle on the Potomac now as to how much munitions production should be included in the program. Truman is trying to hold the amount down. But the Pentagon crowd is pressing for the full 70-group Air Force they have been demanding for two years now.

Congressmen are inclined to go along

with the military on this Air Force plan.

What Truman has approved so far is:

An extra $700-million for planes. Added to the $1¼-billion already budgeted, this would raise combat-plane production from the present 1,500 a year to about 3,000.

About $500-million for fast tankers and troop transports.

Another $500-million, roughly, for all other types of armament.

• **Air Force Program**—To this White House-approved schedule, the military would like to add another $1.5-billion to round out 70 air groups. If this went through, it would provide for immediate purchase of 6,869 combat planes, and production thereafter of about 3,200 a year.

So the special military budget scheduled to go to Congress next week will call for something between $1.7-billion and $3.2-billion worth of munitions. Don't forget, however, that not all of it can possibly be spent during the coming fiscal year.

• **Pinch**—Aluminum will feel the most immediate pinch from this plane-heavy program. Production for the 70-group plan would take about 10% of total production of the metal—now some 20% short of demand, but expected to be back to normal early next year.

Except for some specialized components like fractional-horsepower motors, there appear to be few other manufacturing areas where a munitions program of the planned magnitude would increase shortages more than marginally.

• **Indirect Results**—The side effects may well have more business significance than the direct impact. Pumping $3.5-billion to $5-billion into the economy, with no offsetting production, is decidedly inflationary—especially on top of a $4.8-billion tax cut and ERP.

Also, the exaggerated popular ideas about what Truman is proposing will beef up consumer demand.

There's a fair chance of some simple system for giving priority to military orders. But production limitations, or allocation of goods among different civilian uses, isn't in the cards for Stage 1.

• **Middle Stages**—It's Stages 2 or 3 (perhaps overlapping somewhat) that might bring the first serious industrial controls. The $4-billion to $5-billion of munitions production involved in Stage 2's lend-lease program would put a tight squeeze on already-scarce steel, nonferrous metals, and other raw materials. It could tip the balance on such things as limitations on commercial building, industry quotas on materials.

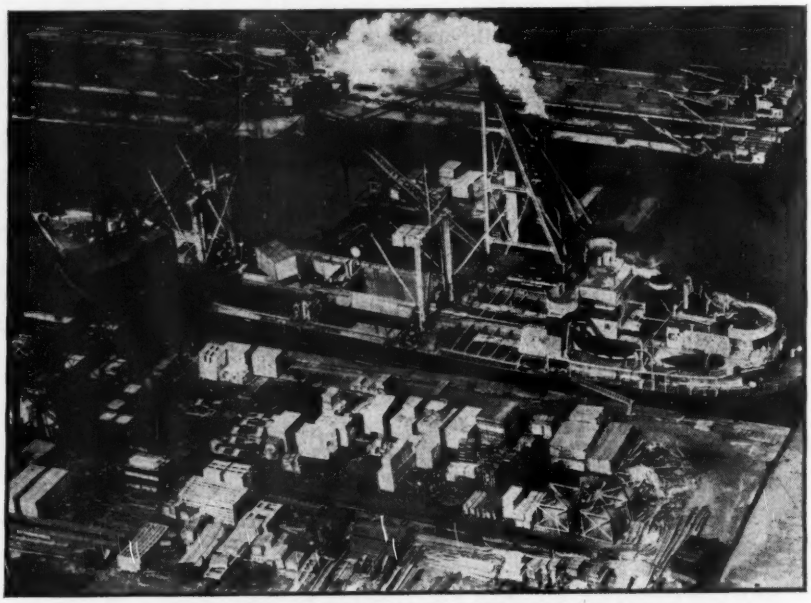
• **War Plan**—For Stage 4, an all-out war, the U. S. is militarily rather well prepared. Accounts are leaking all over Washington (intentionally, no doubt) of Operation Avalanche—the terrifyingly titled M-Day plan for simultaneous atom-bombing of all major Russian cities. Air Force enthusiasts think it would end a war. In any case, it would doubtless guarantee the year or so needed to convert U. S. industrial might into military strength.

Economically, however, America's very prosperity would make mobilization harder than last time. There's no reserve of unemployed men comparable to 1940's, no half-used factories to draw on. To make room for munitions, living standards would have to be driven back. And that would take measures of taxation, forced savings, maybe universal manpower conscription—total industrial control going far beyond anything attempted in World War II.



Cold War Freezes Locomotive Shipment . . . . .

Signs that the cold war is putting the chill on a few corners of the export market began to appear this week. Forty-six of these war surplus, wide-gage locomotives were once slated for Finland. Now they're at Voorheesville, N. Y., awaiting another buyer. Finland's $1,666,990 bid was high enough, but its recent negotiations with Russia knocked out the deal. Last week the War Assets Administration rang up "No Sale."



. . . . . Puts Heat on Loading Russian Ship

Feeling that the presidential ban on shipping war goods to the U.S.S.R. might be broadened, the Russian ship Volga stepped up her loading job at a Jersey City terminal to double time. The Volga started taking on her 1,000-ton cargo of war surplus machinery from both sides. Then a group of Catholic War Veterans formed a picket line. Longshoremen honored the line, refused to finish loading.

Your Postwar Tax Cut . . . . . How It Works

New bill gives you your last tax cuts for a long time. The table below shows its effect, in various income brackets, on a married man with two children. It also shows what he would have paid under the old law if he lived in one of the 12 community-property states, and if he lived in one of the other 36 states. Income figures are after allowable deductions, but before exemptions.

Net Income Before Exemptions	—Old Tax— In 36 Non-Community Property States	In 12 Community Property States	New Tax With Income Split
$ 2,500	$ 95	$ 95	$ 16
3,000	190	190	99
4,000	380	380	265
5,000	589	570	431
6,000	798	769	597
7,000	1,045	969	780
8,000	1,292	1,178	973
9,000	1,577	1,387	1,167
10,000	1,862	1,615	1,360
11,000	2,185	1,843	1,575
12,000	2,508	2,090	1,804
13,000	2,869	2,337	2,033
14,000	3,230	2,603	2,262
15,000	3,638	2,869	2,512
16,000	4,047	3,194	2,785
17,000	4,494	3,438	3,057
18,000	4,940	3,724	3,294
19,000	5,415	4,028	3,627
20,000	5,890	4,370	3,888
25,000	8,521	6,099	5,475
30,000	11,381	8,113	7,306
40,000	17,442	12,787	11,618
50,000	24,111	18,164	16,577
60,000	31,179	23,940	21,917
70,000	38,532	29,944	27,468
80,000	46,170	36,195	33,245
90,000	54,093	42,764	39,317
100,000	62,301	49,590	45,642
150,000	104,538	86,184	79,508
200,000	147,269	126,255	116,605
250,000	190,475	168,492	155,723
300,000	233,700	210,767	195,367
400,000	320,150	296,248	276,570
500,000	406,600	382,679	358,676
750,000	622,725	598,804	563,995
1,000,000	838,850	814,929	769,314

Income taxpayers may as well get used to the idea that the $4.8-billion tax cut is all they're going to get. Instead of being the first slice at paring down present rates, as had been anticipated, this is the last—at least for a long time.

In fact, many congressmen have their fingers crossed: They're wondering if the demand for rearmament to back United States foreign policy won't make it necessary to boost taxes again next year.

• **Right As of Now**—The feeling is general on Capitol Hill that the present cut is justified. One reason: The Treasury surplus, which this week reached $7.5-billion, shows there's room at present for lower rates. Another: The new legislation eliminates a long-standing inequity—under which a taxpayer, solely by reason of residence, pays anywhere from $19 to $24,000 more taxes than fellow citizens with identical incomes living elsewhere. The measure extends to all 48 states the split-income benefit now enjoyed by only 12—Arizona, California, Idaho, Louisiana, Michigan, Nebraska, Nevada, New Mexico, Oklahoma, Oregon, Texas, and Washington (BW—Dec.27'47,p22).

If taxes have to be raised again—and that's only a possibility right now—rate reductions in the present bill may be rescinded completely; so may the boosts in personal exemptions from $500 to $600. But the split-income provision, which costs the Treasury an estimated $650-million a year, won't be tampered with.

• **Changes**—Briefly, the legislation Congress has approved does this:

(1) Increases personal exemptions from $500 to $600. In addition, a special $600 exemption is given taxpayers over 65 years of age, or those who are blind.

(2) Gives split-income benefits to all taxpayers. This does not benefit low-income groups materially. Not until a taxpayer gets into the surtax brackets where rates climb swiftly does the provision come into play. Then, by dividing his taxable income in half, he pays the surtax on two small pieces at lower rates than would apply to the total.

(3) Makes percentage reductions in tax rates, ranging from 12.6% on the first $2,000 of taxable income, through 7.4% on the additional up to $136,719.10, to 5% on the remainder.

(4) Increases the standard deduction that may be taken in lieu of contributions, interest payments, etc., to 10% of gross income up to a limit of $1,000. The present optional deduction is 10% up to a limit of $500.

(5) Extends the split-income pro-

vision to the cases of estate and gift taxes.

• **Withholding**—The new tax law has only a few headaches for the businessman's payroll department. And the Internal Revenue Bureau is working overtime writing up-to-date instructions to make the minor bookkeeping changes as simple as possible.

You will have a pamphlet (Circular WT-Revised 1948) on your desk in plenty of time to put new withholding rates into effect on May 1. It will show new withholding schedules for employees—a column each for paydays that come weekly, every two weeks, twice a month, and monthly.

• **Most Certificates Good**—Changing the checkoff schedule will be easy in the case of almost all your employees. Withholding certificates now being used still hold good in determining how many exemptions a worker claims. All the payroll department will have to do is reduce the amount to be withheld.

However, in the case of workers over 65 years of age or those who are blind—or who have wives over 65 or blind—new withholding forms will have to be made out. They get an additional $600 personal exemption, so they will have to show that change—in effect, one more dependent—by making out Form W-4 again.

• **June 15 Procedure**—Among individual taxpayers, only those who are paying in quarterly instalments will be affected this year. If you're in this group, you have some real figuring to do. The Internal Revenue Bureau will send you a form for making your June 15 revised tax estimate. It will explain the new rates, and point out the steps to take in arriving at a new estimate.

Take the $10,000 a year man with two children: Under the new law he subtracts $1,000—the new standard deduction for contributions, interest payments, business expense, and so forth. That leaves $9,000. He then subtracts $2,400—$600 personal exemptions for himself, his wife, and each of his children. That leaves $6,600, which is his taxable income.

• **Old Rates Used**—Now the split-income provision comes in. He divides $6,600 by two, giving him two taxable incomes of $3,300. Using the instruction sheet that goes with Form 1040, he computes his tax under the old rates.

He finds his tax is $400 on the first $2,000 of the $3,300 of income; and 22% of the $1,300 remaining, which is $286. Add those two figures and he gets what's called a tentative tax of $686.

• **Conversion to New Rates**—Now comes the tricky arithmetic. He takes 17% of the $400 tax on the first bracket. That's $68. Then he computes 12% of the $286 in the second bracket, and finds it's $34.32. Then he adds $68 to $34.32. That gives him $102.32.

He subtracts $102.32 from the tentative tax above—$686—and gets a tax on $3,300 of $583.68. He multiplies $583.68 by two and gets a total tax on the $6,600 of $1,167.36.

• **Withholding Changed**—On Mar. 15, if he lives in a noncommunity-property state, he would have figured his tax in 1948 under the old law at $1,719.50. He would have estimated his withholding tax at $1,394.40. So on Mar. 15 he would have made a one-quarter payment of the difference—or $81.28.

Under the new law, his tax will be $1,167.36. The new withholding schedule for the last eight months of 1948 will account for $715.20. By May 1, withholding under the old rates will have amounted to $464.80. In other words, adding $715.20 and $464.80 gives him a total of $1,180.00 in withholding during the entire year. Subtracting $1,167.36 leaves an overpayment from withholding of $12.64. Add to that the $81.28 he paid on Mar. 15, and he has a refund of $93.92 coming—which he will get after he files his final 1948 return early in 1949. And of course, he wouldn't make any more quarterly payments this year.

• **Other Changes**—Under the current law, a taxpayer had to make at least $5,000, plus $500 for each dependent, before he was required to make out a declaration of estimated income tax (Form 1040-ES). Under the new law, this is the formula: a salary of $4,500 plus $600 for each dependent.

Business and professional people who do not pay withholding taxes now will have to make an estimated return if their income is in excess of $600, rather than $500 under the old law.

• **Caution**—This is one warning the tax collector makes: There will often be a bigger cut in the withholding tax than there will be in the final tax due. Reason: The new withholding rates will be geared to the married taxpayer who expects to take advantage of the split-income provision. So more than likely, the single taxpayer will find that his employer takes too little out of his pay to meet all the tax due.

WITHHOLDING RATES

This table shows what an employer deducts from the paycheck of each worker (married and with two children) who is paid twice monthly—the pay period which the government says is most typical:

Semimonthly Wage	*Withheld Under New Law*	*Withheld Under Old Law*
$112–114	$.30	$3.50
136–140	4.00	7.80
168–172	8.80	13.20
200–210	14.00	19.60
280–210	26.00	34.60
340–360	35.70	46.80
400–420	44.70	58.10
500	58.10	75.10
600	73.10	94.10
700	88.10	113.10
800	103.10	132.10
900	118.10	151.10
1,000	133.10	170.10
1,200	163.10	208.10
1,500	208.10	265.10
2,000	283.10	360.10
2,500	358.10	455.10
3,000	433.10	550.10
4,000	488.10	740.10

U. S. Whisky Makers Applaud Label Bill

Foreign distillers who export to this country don't have to put on the label what's in their whiskies. So U. S. distillers—who have to—are well pleased with the bill which Maine's Rep. Hale introduced last week: It would apply the same labeling requirements to foreign whiskies.

• **Over the Barrel**—Among other things, U. S. distillers must say whether they aged the whisky in re-used cooperage. Since foreign distillers don't have to, the domestic industry looks on this as particularly unfair competition—in view of the fact that it now has on hand around 80-million gal. of whisky in re-used barrels.

How did it get so much? The answer goes back to the severe shortage of new oak barrels in 1945 and 1946. Most distillers preferred to make their full quota of whisky, even if they had to pour into newly emptied barrels. In 1945 there were only enough new barrels to take about half the 101-million gal. of whisky produced. In 1946 things eased up, but around 26-million of the 134-million gal. produced still went into old barrels.

• **No Credit**—Unfortunately for the distillers, the government doesn't allow aging credit for the time U. S. whisky spends in re-used barrels; aging must take place in new charred oak cooperage. As for the customers, they shy away from the phrase "aged in re-used barrels."

The industry has found one way out: It has converted a lot of the whisky aged in re-used barrels into grain neutral spirits (used in blending). It began doing this when a neutral spirits shortage developed during its 60-day distillery shutdown last year (BW—Nov.1'47, p28). With neutral spirits selling at $1.25 a gal., it was worthwhile to do so. During November and December it is estimated that the industry reprocessed some 5-million gal.

Some experts think that the industry may do a great deal more of this—particularly if the shortage of grain neutral spirits is as serious as the industry has frequently claimed.

Bigger Schotts

Ohio family's empire is growing. Latest purchase: Farm Tools, Inc., which will tie in with tractor business.

The big Schotts (BW–Sep.15'45, p66) have grown bigger.

Last week Walter E. Schott, dynamic 47-year-old head of the Schott family, flew back into Cincinnati from South America. What he found on his arrival was enough to gladden his expansion-struck heart: Younger brother Harold E. had just closed a deal for buying a new company. The move was typical of those by which his family's fortunes have leaped and bounded in the last two and a half years.

• **Unique**—The new addition to the Schott holdings is Farm Tools, Inc., a farm implement maker with plants in Mansfield, Ohio, and Evansville, Ind.

The purchase is unique in the history of the rambling Schott empire: It would tie in closely with an existing Schott enterprise, the Leader tractor. Previous Schott buys have hopped like Mexican jumping beans from a time-clock plant (Cincinnati Time Recorder Co.) to a yacht sales franchise (Cincinnati Yacht Supply Co.) to a lumber company (Swan Creek Lumber Co. of Toledo).

• **Tractor Boom**—Through their Columbia Axle Co., the Schotts started building the Leader tractor 18 months ago. It proved such a success that they moved another family-controlled firm, Heinz & Munschauer, from Buffalo to Cleveland to handle sales and promotion. By this week, production of Leaders in Cleveland was up to 600 a month. By the end of April, the Schotts expect to be turning out 800 a month.

It was the tractor business that sent Walter Schott to take a look at South America. His explanation: "We don't need foreign business now. We're looking to 1952, '53, or '54 when we might be digging for orders again." He came back bubbling over with enthusiasm. Already he and Harold are deep in plans for tractor assembly plants in Brazil, Argentina, and Uruguay. Their idea is to run them with local labor and let local capital help back them—but to keep the actual control.

Twenty-eight years ago Walter Schott's total assets were one monkey wrench. In the fall of 1945, after several successful parlays in the new- and used-car business, the family's visible assets were estimated at $8-million. Today the family owns more than a score of separate companies doing at least 15 types of business; total assets are estimated at $18-million.



WALTER SCHOTT: While he examined tractor market in South America, brother . . .



HAROLD SCHOTT pitched in and closed a deal for a farm implement company

Among recent additions are: Cleveland Pneumatic Tool Co. (valued at some $7-million), Champion Machine & Forging Co. (valued at $2½-million). Cleveland Pneumatic Tool, headed by Harold Schott, now accounts for about 30% of the family holdings' gross annual sales.

• **Takes His Losses**—Walter Schott's associates attribute much of his success to his grasp of market trends. But, like anybody else, he sometimes finds that he guessed wrong—and has a stale inventory on his hands. When this happens, his policy is to sell—quick. "Sell your bad apples at a loss today," he says, "don't try to polish them. The bad ones take up space in the barrel."

The Schotts set no specifications—financial or otherwise—on an enterprise they are thinking of buying. Some, like Farm Tools, were making tidy profits when bought. Others, like Cincinnati Time Recorder, were in financial doldrums. Walter is pretty sure he quickly can tell whether a firm is doomed to stay in the red—or whether, with a new twist here or there, it can make money.

With the exception of the auto businesses, the Schotts have started none of their companies from scratch. Before he invests, Walter Schott likes to see a business laid out before him—and going. Unborn businesses offer no yardstick to measure a profit against a loss.

• **At All Hours**—Walter Schott is always on the alert for a new business conquest. His decisions to move in don't always come at business hours. It's not unusual for him to call an executive at 10 p.m. and order him to be off to Canada at midnight. But with a gift of inspiring and training men, he has seen to it that as the Schotts' business grew, the men with it grew.

On the other hand, sometimes Schott's purchases come as a surprise to even his close associates. One day he was talking to an executive on the phone. Off-handedly he advised him that if he was planning to buy an overcoat that day he should forget it. "Why?" the executive asked.

"Because," replied Schott, "we're going to buy a factory that makes one of the best known lines in the country."

The next day he bought Stratbury Mfg. Co., of Galion, Ohio, maker of Alpagora overcoats.

IRON ORE PRICE RISE

The first signs of a general price boost for iron ore showed up this week. Cleveland-Cliffs Iron Co. in Cleveland announced that for the 1948 season it is adding 65¢ per gross ton to the price of its ore (of 51.5% natural iron content). The company says it has already booked considerable tonnage for delivery this year at the new price—$6.20 per gross ton.

C.-C.'s action apparently caught its competitors off guard. M. A. Hanna Co., Pickands Mather & Co., and Oglebay, Norton & Co. all reported that they were studying the price setup but had come to no decision. It seems pretty sure that they will follow C.-C.'s lead.

C.-C.'s president, A. C. Brown, perhaps remembering the public's reaction to the steel price rise (BW–Feb.28'48, p20), was quick to justify the boost. He points out that, despite last year's price rise of 50¢ a ton, ore has gone up only 25.3% since 1939. In the same period, Brown says, steel went up 44.6%; pig iron, 73.3%; coke, 163.2%. And Brown figures his labor costs have gone up 83.5%.

C.-C. doesn't think the price boost will hit the consumer too hard. Even if this new price increase affected all steelmaking, it would add about $1.50 to a $1,500 automobile; 5¢ to a $130 washing machine.



TRUSTEES of Business History Foundation (left to right): N. S. B. Gras, Henrietta M. Larsen, C. W. Moore, R. P. Baker, J. H. Appel.

Ph.D.'s Tackle Business History

Historians have ignored business annals long enough, says Business History Foundation. The new organization has begun to fill in the gap by doing exhaustive studies of two large oil companies.

Last year a group of historians set out to close a big gap in the formal study of history. The annals of business, they argued, have always received short shrift from the history departments of U. S. universities. They proposed to correct the oversight of the academicians by setting up a new organization called Business History Foundation, Inc.

The group behind the foundation is composed of business scholars and scholarly businessmen; at the head is Prof. N. S. B. Gras of Harvard's School of Business Administration. It is a nonprofit organization; its headquarters are in Forest Hills, N. Y.

• **Two Big Jobs**—At their first annual meeting last week, the trustees heard a progress report on the foundation's first two important jobs:

(1) A four-volume history of Standard Oil Co. (New Jersey), to take at least five years to complete. Jersey has granted the foundation $500,000 to make the study.

(2) A one-volume, three-year history of Jersey Standard's subsidiary and supplier, Humble Oil & Refining Co. This will cost Humble $100,000.

• **Scope Enlarged**—At their meeting the trustees also enlarged the scope of the foundation's work. They made grants for other smaller projects. And they added some new names to the staff of experienced writers and researchers.

Other corporations have already shown some interest in Business History. But the foundation won't take on any other big jobs until it has augmented even further its staff of 13 experts.

• **Harvard Accent**—Business History has a noticeable Harvard accent. It is really an offshoot of Gras' work; it was largely under his tutelage that the Business School put out the 12 volumes of the Harvard Studies in Business History. Efforts such as this, Harvard feels, make it the pioneer among U. S. universities in this line.

So it was natural for Jersey, after five abortive attempts to launch a similar history on its own hook, to approach Gras. But the job seemed outsize even for the Harvard Studies.

• **Outcome**—The logical outcome was the foundation (now a New York corporation), staffed for the most part with people who worked with Gras at Harvard.

Its trustees: Gras; Henrietta M. Larsen, an associate professor under Gras; Joseph H. Appel, who was an executive of John Wanamaker for 40 years and author of the standard biography of the founder; Dean Ray Palmer Baker, of Rensselaer Polytechnic Institute; Charles W. Moore, assistant vice-president of market research for SKF Industries.

• **No Strings**—Chances are that Harvard would have turned down the Jersey offer in any case. For observers point out that a university might be leery about accepting a subsidy to do the job.

However, Business History stresses the point that Jersey has no strings on the research or writing. Says Gras: "The corporations have no control over what we say or print. If they had wanted biased surveys, they could have gone to other agencies for much less money."

• **Initial Work**—A prerequisite was Jersey's commitment to open up all its archives and permit the foundation to publish what—and where—it wishes. (Some of the volumes actually may appear in the Harvard Studies.) Before the final decision, researchers spent a year's time and $20,000 combing Jersey's files to make sure the material justified the effort.

The foundation hopes to dredge some valuable data out of these yellowed ledgers. It points out that the present lack of source material short-circuits the whole field of business history. This, it remarks, is in part the fault of businessmen themselves. Only recently have they begun to lose their "mistrust of the historian."

• **New Frontiers**—The Jersey study will put heavy stress on the development of management policies and patterns of internal organization. Out of this will come, the foundation hopes, some advances on a broad front. If things go as they should, the study will:

• Give businessmen a better grasp of modern industrial trends and the principles of corporate management.

• Help the social historian to "broaden his base, deepen his perspective, and increase his sense of historical relativity."

• Give corporations a valuable public relations tool by ripping aside the cloak of secrecy.

• Encourage young historians and researchers to get into the field by opening up new jobs.

SHOE PRICE CUT: A TREND?

Shoe manufacturers are jittery about prices. Reason: A few days before Easter, International Shoe Co. made price cuts averaging 20¢ a pair on unfilled orders for spring delivery. Shoe men can't forget that mighty International cut prices after World War I. Everybody had to follow.

Prices on fall shoes haven't yet been announced. Many trade observers expect that they will be lower (BW—Mar. 13'48,p21).

The price situation will be clearer next week, when New England manufacturers and retailers gather in Boston. There'll be sharp dickering. Retailers will argue for lower prices, pointing to the downward trend of leather prices, and to International's cut. Manufacturers will argue for no cuts. Leather costs, they will say, are only a small part of total cost.

Will Power Rates Turn Up?

Despite higher costs, electricity generally costs less than prewar. But coal strike threatens to boost fuel cost; and the industry needs cash for expansion. So increases may be in the cards.

Electric-power systems have begun to walk, not run, to the nearest rate increase. Whether they continue walking or break into a sprint seems to depend on two of our major national institutions—John L. Lewis and Wall Street.

As yet, there hasn't been much of a change in the power industry's unique position. Its product is the only cost-of-living item that's more than 10% lower than prewar. (The only other below prewar is gas rates—and they have been going up.) But a multibillion-dollar plant-expansion program and the continuing rise of fuel and labor costs seriously threaten a breakthrough.

• **Increases**—In a strict sense, power rates have gone up rather widely. About 72% of all companies have fuel clauses covering industrial (and sometimes commercial) sales. As the cost of fuel rose, these clauses afforded protection; power companies could raise rates proportionately to industrial consumers. Other companies have put in fuel clauses recently; some that had them have extended them to more customers.

The smaller municipal systems, which don't come under state regulation, began raising general rates some time ago. At least 61 boosted some or all rates in 1945 and 1946; at least another 17 followed suit last year.

• **Down, on Balance**—By and large, though, the householder has paid less for electricity. For one thing, most of the fuel clauses don't touch residential rates.

And actual rate reductions—primarily the result of repeal of the excess-profits tax—have been numerous. In 1946 they probably added up to the largest one-year reduction in power history. More cuts were made last year; a few are still being made.

• **Costs Zoom**—While all this was going on, costs were following the national pattern—right through the roof. The only thing that saved the industry from having to boost general rates was a big rise in total revenues. Over-all power sales did drop a little after the 1944 peak—but the decline was all in low-rate categories. From the point of view of revenues, the drop was more than compensated for by a sharp rise in high-revenue sales. And in 1947, over-all sales passed the 1944 level; even industrial sales of power had almost regained that peak.

So net income didn't suffer. It was higher in 1945 than in 1944; higher again in 1946. But it leveled off in 1947 at about 1946's $650-million figure. It may now have passed its peak.

• **Upward Forces**—Whether it has or not, two additional factors are forcing some power companies regretfully to turn their backs on their lower-than-prewar position:

(1) The need to raise about $6-billion for a five-year expansion program.

(2) John L. Lewis' threat of still-higher coal prices, combined with the third-round wage boost and the freight-rate increases that might logically follow a Lewis triumph.

• **Outlook**—Industry sentiment seems to be that if Lewis forces major cost increases, the breakthrough on power rates will probably become general. If he doesn't, there will still be a question whether the pressure of financing will force such a trend.

So far, warnings by the industry's prophets of doom on the perils of financing have not been borne out. The cost of first-mortgage debt money has risen, but not far beyond 3% for most companies. And even utilities outside the "blue-chip" circle are managing to sell preferred stock at 4.5% or less. But if they want to sell common stock in today's market, they will have to show improved earnings. To do that, they will need higher rates. More earnings would also help finance expansion out of profits.

• **—By Any Other Name**—The pattern so far—among regulated companies, anyway—has been to call rate increases anything but that. Only two major private systems have applied for general rate boosts—California Electric Power Co. and Cincinnati Gas & Electric Co. (BW—Dec.20'47,p31).

The latest device, which is being tried now by both Georgia Power Co. and Detroit Edison, is to raise revenues without raising rates. Both have applied to state utility commissions for elimination or reduction of discounts on prompt payment of bills. If the commissions approve, Georgia Power expects to net $4-million; Detroit Edison about $3.5-million. Both applications, however, face considerable opposition from consumers.

• **Automatic Clauses**—The disinclination to ask general rate boosts has put a premium on automatic adjustment devices—most common of which is the standard fuel clause. Such clauses have been commonplace for many years. Chief drawback: Most of them apply only to low-rate industrial (and occasional commercial) sales. Several companies are now moving to make such automatic adjustments apply to high-rate residential sales.

In 1946 Florida Power & Light installed such a clause; it provides a boost of 0.5% for every 1% rise in fuel oil above $2 a bbl. First increase under this clause came in mid-1947; several have followed. Florida Power Corp. and its subsidiary, Georgia Power & Light, have both filed for similar adjustments.

• **Decreases**—Actually, not all of today's rate moves are up. Wisconsin Electric Power Co. reduced rates by over $1-million a year recently, with 46% of it going to residential consumers. Mississippi Power Co. cut rates by $400,000 annually, and the Omaha Public Power District announced a $1¼-million slash, both effective this week. Long Island Lighting, caught in a corporate mixup between electric and gas operations, got a $2.5-million boost in gas rates from the state commission, while its electric rates were cut $500,000. Here and there, a few companies are facing mandatory rate cuts.

But by and large, state commissions are felt to be sympathetic to the power companies' problems—complicated as they are by expansion and cost increases. In view of the telephone and gas patterns, already established as sharply upwards, the commissions don't seem to be much of a threat.



RICKSHA WITH ENGINE

Three San Francisco Chinese are out to run an old tourist attraction off the streets of China. The engineering graduates hope that their engine-powered Rik-Mobile will soon replace coolie-drawn rickshas. Sherman H. Lee, in the driver's seat, heads up the deal. Behind him (left to right) are partners Albert and Herbert Wong. Their new China Engineering Products Corp. will build the Rik-Mobile and market it through agents in Hong Kong.

Lucky Strike Scrap

G. W. Hill, Jr., ad agency quit over American Tobacco's advertising policy. Real conflict: control of company.

Lucky Strike has gone to war again. This time the conflict is within the American Tobacco Co. itself. The battle is due to reach its peak next week, when stockholders meet in Flemington, N. J. Out of that annual meeting may well come the decision as to who will eventually control the company.

• **Resignations**—In preparation for the showdown, George Washington Hill, Jr., vice-president in charge of advertising and son of American's late president, dramatically resigned two weeks ago. He claimed that the advertising formula used by Vincent Riggio, president since Hill, Sr., died in 1946, is not up to his father's fast and furious standards.

Hill, Sr., was a past master with the quick, hard punch in advertising. Young Hill charges that Riggio has toned down this approach, that Lucky's competitors are now at Lucky's heels. Along with Hill, the advertising agency of Foote, Cone & Belding—which disbursed around $12-million on Lucky Strike advertising last year—also resigned. Said president Emerson Foote: "We are in respectful disagreement with the company's advertising policy."

• **Madison Ave. Angle**—Seldom does Manhattan's Madison Ave.—the main stem of advertising—have such colorful doings to gossip about. And the gossip is coming as fast as the chant of a tobacco auctioneer.

On this much everyone agrees: Hill's resignation goes deeper than a mere rumpus over advertising policy. The basic issue looks like control of all American policies—that is, control of American itself. By throwing the first punch, young Hill got his case into the papers where stockholders could see it just before their meeting.

• **Which House?**—Like the house of Hill in the old days, the house of Riggio is now solidly planted in American. Vincent Riggio's son, Louis, holds the high spot of assistant to the president. On whom will the mantle descend the next time? Will the purple go to a Hill or a Riggio? That question, thinks Madison Ave., is also the answer to the current uproar.

Nor is the Avenue lacking an explanation of Foote, Cone & Belding's action. (Successor to F.,C.&B. on the Lucky Strike account is Batten, Barton, Durstine & Osborn.) F.,C.&B. supposedly figured it this way:

(1) If Hill gains control of American, F.,C.&B. might well get the account back.

(2) If not, F.,C.&B. can make up the loss by diversifying its New York division more—something the Chicago division of F.,C.&B. reputedly has suggested before, on the grounds that the American account was growing into a Frankenstein monster.



FIGHTING for a bigger voice in American, G. W. Hill, Jr., resigned, charging that . . .



PRESIDENT Vincent Riggio is watering down the old advertising policies. Then . . .



ADMAN Emerson Foote played along with Hill, gave up Lucky Strike account

Luxury Sales Sag

Purchasing-power squeeze hits furs, liquor, jewelry. But durable-goods buying is still rising, excise-tax figures show.

When prices rise faster than incomes, something has to give. Figures released this week by the Bureau of Internal Revenue show what's giving—mainly the sale of luxuries.

• **Excises**—The federal government levies a great variety of excise taxes. (Not all are on luxuries, of course.) Some of these taxes apply at the retail level—on jewelry, furs, cosmetics, luggage. Others are paid by manufacturers. These include taxes on automobiles, refrigerators, sporting goods, tobacco, liquor. Then there's the miscellaneous group—taxes on theater and cabaret admissions, railroad tickets, telephone and telegraph service, safe-deposit boxes, narcotics and marijuana.

Each month the Treasury releases figures on the income from such levies. These figures give a pretty fair picture of the state of business in the various lines. The statistics just issued cover the first eight months of the government's current fiscal year—from July 1, 1947 to Feb. 29, 1948.

• **Conclusions**—A comparison of this year's figures with last year's shows:

(1) Sales of luxury soft goods—which, by and large, were available all during the war—have dropped sharply.

(2) Sales of high-priced durable goods—scarce during the war—are still rising.

• **Furs Hit**—Retail fur sales were hit hardest of all major luxuries. Tax receipts in the eight-month period fell 20.4% from the same period a year ago.

Collections on liquor dropped 11.9%. The price squeeze was definitely the major cause of this drop. Witness the following (incomplete) breakdown: domestic distilled spirits, 18.5% decline; domestic wines, 7.3% decline; fermented malt liquors (beer and ale), up 7.6%.

Other decreases in tax collections on luxuries include: jewelry, 10.4%; luggage, 7.8%; cosmetics, 7.0%; cigars, 5.8% (but cigarettes increased 2.1%); admissions to theaters, cabarets, etc., 5.1%.

Tax collections on manufacture of



Announcing

Another Ryerson Steel-Service Plant for the West Coast

We are glad to announce the opening of a new Ryerson steel-service plant in Emeryville, California, just across the bay from San Francisco.

This newest unit in the nation-wide Ryerson network offers quick shipment of every kind of steel to the expanding industry of northern California and the whole Pacific Northwest. Like its twelve sister plants, the San Francisco unit is expertly staffed and excellently equipped. Like the others, it features a service perfected by more than a hundred years in the business of steel distribution.

The largest steel stocks in America are carried in Ryerson plants strategically located from coast to coast. Because of current demand, the exact steel you need may not always be on hand. But our stocks turn quickly. A size that's out today may be in tomorrow. So you will find that we can usually take care of your requirements.

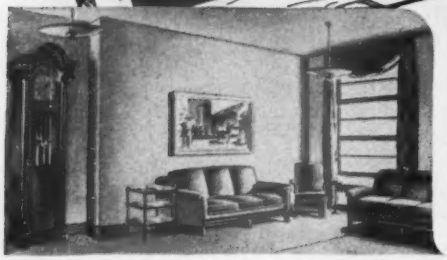
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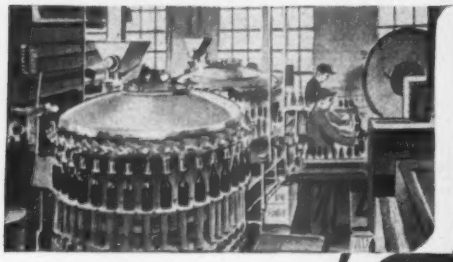
RYERSON STEEL





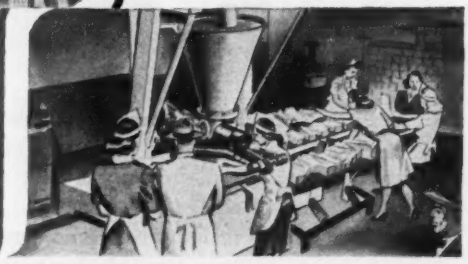
The architects for this home for both orphans and old people solved the problem of varied temperature requirements with a Trane heating system that uses Trane Convector-radiators to give room-by-room control.

PROBLEMS in COMFORT



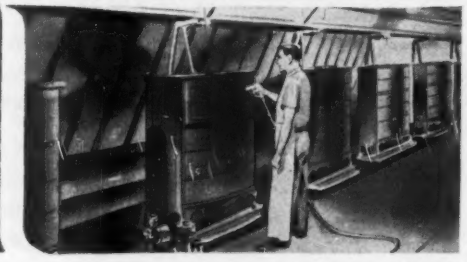
Moisture causes great discomfort in brewery bottling houses. The owners of this famous brewery found that a Trane system would get rid of the moisture and provide fresh air and warmth, benefiting both workers and beer.

So-called "process" cheese is aged before it is pasteurized. This bustling cheese factory chose a Trane system to provide the critical low temperature and high humidity necessary for properly aging cheese.



PROBLEMS in PROCESSES

One of the most time-consuming operations in making furniture is drying the many coats of finishes applied to it. This huge furniture plant chose drying ovens that use Trane products, and cut finishing time 75%.



There is a Trane system to solve every kind of heating and air conditioning problem efficiently. Trane systems are designed to fit your application by architect, engineer or contractor. 200 Trane Field Engineers offer their counsel. ***Names of any of these users may be had on request.***

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HEATING and AIR CONDITIONING systems

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ALSO, TRANE COMPANY OF CANADA, LTD., TORONTO

tires and tubes dropped 6.7%. Tires, however, cannot be considered a luxury item; the principal cause for the decline was the fact that the tire industry was one of the first to catch up with and pass war-accumulated demand (BW—Aug.2'47,p17).

• **Contributing Factor**—Manufacturers of luxury goods complain that the taxes themselves are restricting sales. For after all, there is bound to be less demand for fur coats at $300 than for the same item at $250; for briefcases at $15 than for the same thing at $12.50.

• **Durables Up**—All durable goods on which excise taxes are levied showed increases. Refrigerators and air-conditioning equipment scored the biggest gain: 60.9%. The automobile industry was second: Tax collections on the manufacture of autos and motorcyles increased 43.7%; trucks, 36.9%; parts and accessories, 28.5%. Radios and phonographs were up 20.6%; photographic apparatus, 19.6%; musical instruments, 12.0%; sporting goods, 5.6%.

Other items on which tax collections increased include: pistols and revolvers, 142.2%; firearms and ammunition, 27.5%; gasoline, 6.7%.

• **$1 Butter Note**—Tax collections on margarine rose 58.7%.

OAP TO SELL RAYON FIRMS

The Administration pulled a surprise play last week: It decided to sell its controlling interest in the twin rayon companies, North American Rayon Corp. and American Bemberg Corp.

The Office of Alien Property had been taking its time about disposing of the stock it seized last August. Now Assistant Attorney General David L. Bazelon has asked engineering firms to apply for the job of surveying the companies—the first step in putting out a stock prospectus for SEC approval.

The move follows close on the heels of last month's internal rift in the companies: Their directors resigned en masse when Bazelon vetoed price increases (BW—Mar.13'48,p39).

Textile men are mystified by OAP's changed attitude. Some look suspiciously for a political motive. They claim that demand for rayon yarn is trending downward toward supply, that OAP wants to get out while the getting is good.

OAP's hesitation over selling the two firms stemmed mainly from its desire to prevent them from: (1) falling into the hands of other U. S. synthetic yarn producers; (2) passing back under German control. It will undoubtedly set up qualifications to forestall this.

The companies look like good buys. Last year North American had sales of $24.5-million, profits of $4-million; Bemberg's sales totaled $13.2-million, profits $1.7-million.



How many items of Men's Attire are made of Bristol Brass Sheet and Wire?

High-style accessories are naturals for Brass, for several practical, profitable reasons. Brass is the best, most receptive base metal for either plated or rolled or filled merchandise. It's the easiest metal to form, stamp or draw, no matter how complicated or finely detailed the design. And because of this same unmatched workability, Brass makes style changes easier, quicker and less costly to effect.

There's why sales leaders in this field use Brass. And many of them use *Bristol* Brass . . . also for practical and profitable reasons. Bristol quality and specifications run uniform from order to order, year in and year out. And when new product plans are projected, Bristol's Sales Engineering Department has sound dollar-sense to contribute to the problem.

Now if you can use the many manufacturing and merchandising advantages of Brass in *your* product, then you are invited to sample the service of one of America's most progressive Brass mills . . . still young and growing faster than ever after 98 years. Write to the Sales Engineering Dept., here at the mill.

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Copenhagen	Palmyra
Corinth	Phoenix
Cortland	Rochester
Depew	Snyder
East Aurora	Sodus
East Rochester	Tonawanda
Elmira	Troy
Elmira Heights	Watertown
Endicott	Watkins Glen
Evans Mills	Webster
Fulton	Westfield
Holley	Williamsville
Horseheads	Wilson

The
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of New York

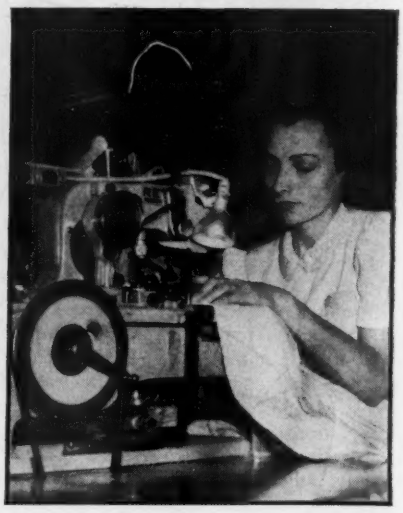
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OKLAHOMA GIRL is typical of workers at McAlester plant of Seamprufe, Inc.



ARKANSAS WOMEN turn out buttonholes at Ottenheimer Bros., Little Rock



WOMEN INSPECT and label alarm clocks at U. S. Time Corp.'s Little Rock plant. This is the sort of light industry which both states are trying hard to bring in

Southwest's Goal: Light Industry

High oil and farm prices help Oklahoma and Arkansas, but for the long haul, they want to lure in outside industrial capital.

Things look a lot different in the Southwest from what they did in the days when the Arkies and Okies moved out in droves. With demand for petroleum heavier and its prices higher than ever before, Oklahoma's oil wells are pouring money into the state. And the farmers in both states are doing well at today's crop prices.

These two states, often considered backward from a business point of view, have been making progress in the past few years (BW—Jul.26'47,p39). Per capita income in each has been edging up a little faster than the national average.

• **Lures for Industry**—Nevertheless, both are making earnest attempts to build up industry within their borders. They feel a pressing need to diversify their economies.

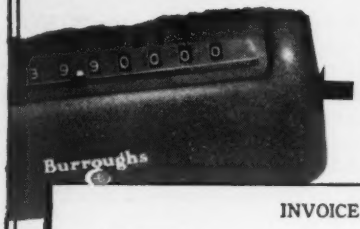
Both are faced with the problem of finding jobs for farm workers displaced



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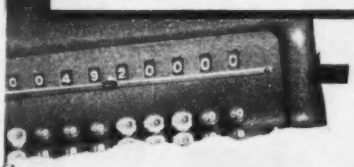


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4 common conditions where *WOLMANIZED PRESSURE TREATED LUMBER protects against DECAY and TERMITES



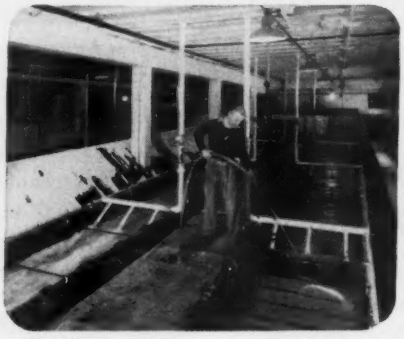
Wherever moisture is condensed in wood because of concrete or masonry contact, as with sills, sleepers, door and window bucks, wall plates and columns.



Where outdoor structures are exposed to ground moisture, rain and snow, such as stadium seats, boardwalks, loading piers, coal trestles, railroad structures.



When wood is used in or near the ground subject to attack by decay and termites, such as foundations, joists, fences, telephone poles and guard rails.



Where steam, vapor and dampness from industrial processes are prevalent, such as process moisture, refrigeration, air conditioning and humidification.

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by mechanization. Both states lost population during the war years; Oklahoma had been losing people even before then. Many workers learned factory skills in war plants, and the two states are determined to keep these workers.

Naturally they want to encourage local industry, but are even more anxious to lure in outside capital. As bait, they point out the abundant supply of war-trained skilled labor. They also cite: (1) availability of natural gas, and (2) a climate permitting all-year-round outdoor operations.

• **Raw Materials**—They make a major point of the Southwest's raw materials: Use local forest and farm products, glass sands, or bauxite, and save freight rates by selling to the growing southwest market.

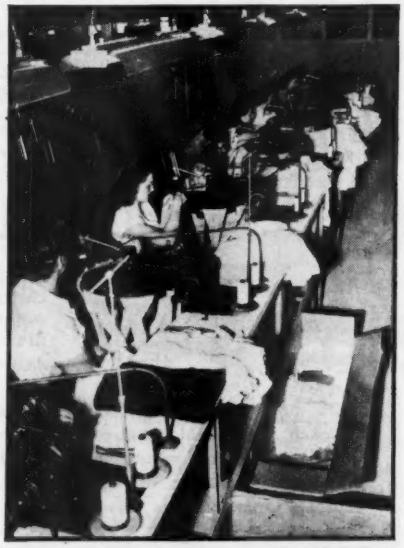
But even industries which use no local raw materials—such as the shoe factories which have come in—may stimulate "auxiliary" enterprises. For instance, the Arkansas Resources & Development Commission thinks there's a big opportunity for tanneries which would process hides from the state's livestock. These hides would have a ready market in the local shoe factories.

• **Promotion**—Backed by state planning groups, local chambers of commerce have gone aggressively after outside industry. Here are some examples:

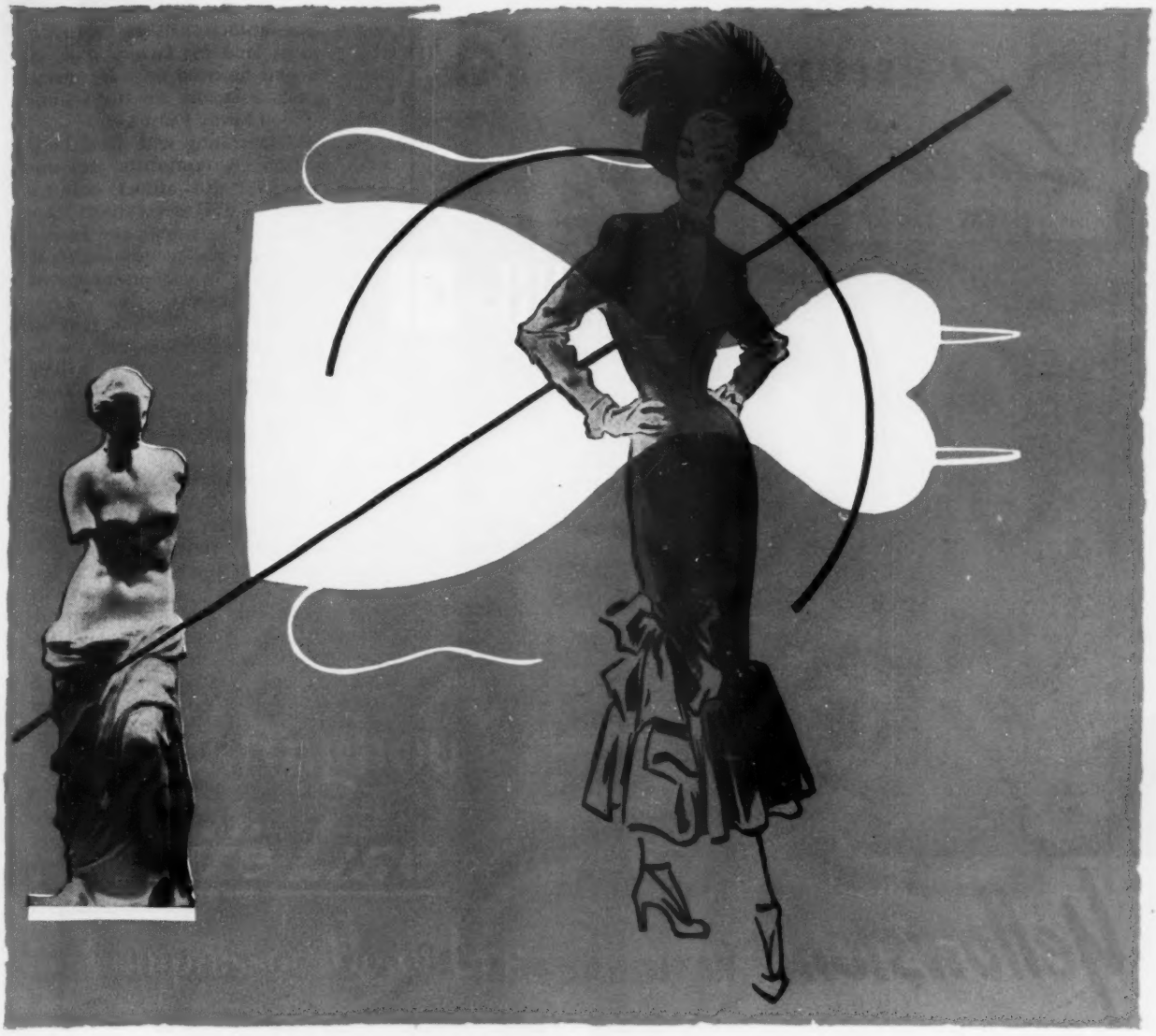
Ft. Smith, Ark., brought in a Dixie Cup Co. plant, which uses paper made in the state. An industrial foundation backed by local citizens put up $150,000, arranged for 10-year loans totaling $400,000 to help Dixie put up its plant.

Conway, Ark., raised $110,000 to buy land and build a factory to be leased by International Shoe Co.

Oklahoma Industries, Inc., with capital of $500,000 subscribed by Okla-



MUNSINGWEAR, INC., is turning out nylon hosiery at its Rogers (Ark.) plant



a perfect **36**

With 80% of American women now wearing foundation garments, and with sales, at wholesale prices, around $200,000,000, the industry which caters to milady's waistline is an expanding market of no small importance.

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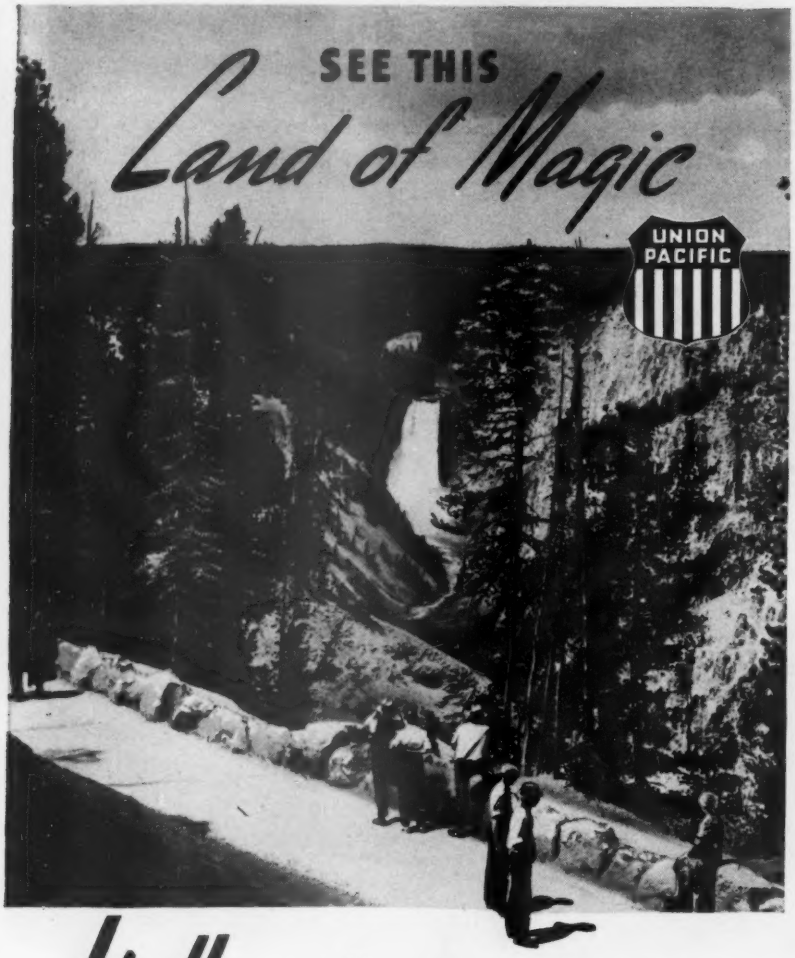
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homa City businessmen, has acquired 180 acres of land for factory sites. It has built—and financed on a long-term amortization—a factory for the Illinois firm of Alston-Lucas Paint Co.

Besides cooperating with local businessmen, state governments are also working together to attract industry southward. This week government leaders of Arkansas, Mississippi, and Louisiana are meeting with business leaders at Greenville, Miss., to plan an integrated tri-state development program.

• **Oklahoma's Bid**—Oklahoma sent an "Oklahoma Train" on a tour of northern and eastern cities last summer (BW—Jul.12'47,p18). It attracted attention, and brought Oklahoma communities together in a determined effort to develop local manufacturing.

This illustrates how much the Oklahoma state government has changed its attitude toward capital since 1940, when it became painfully aware of the state's population losses (2.5% in a decade). When Oklahoma lost even more heavily during the war, state political and business leaders got together. The legislature knocked one-third off state income taxes in the higher brackets, abolished sales and use taxes where they applied to manufacturing and aviation. And it also made it much easier to form and operate corporations in the state.

• **New Industries**—Food processing leads among new industries in Arkansas, followed by finished lumber products, metalworking. In Oklahoma, most new businesses are in the glass industry, metalworking, and food processing.

Both states show particularly good prospects for light-assembly industries. Women workers fit into these fields particularly well—and both states have a plentiful supply of women workers.

Arkansas, for instance, now has some 4,200 women working in new textile and fabric plants, 3,300 in new shoe plants. U. S. Time Corp. has 1,300 women making clocks in its Little Rock plant. New garment manufacturing plants were established in Oklahoma last year.

TELLING INDUSTRY'S STORY

Alabama businessmen are starting at the grass-roots in telling the story of the American free-enterprise system: They are telling it to the high-school and college students of the state.

Associated Industries of Alabama is conducting a two-way campaign among this group: (1) plant tours by students, and (2) talks in the schools and colleges by top A.I.A. members.

Educators are cooperating. For one thing, they agree that the story needs to be told. For another, they are convinced that, if business leaders take an active interest in education, bigger education budgets are bound to result.

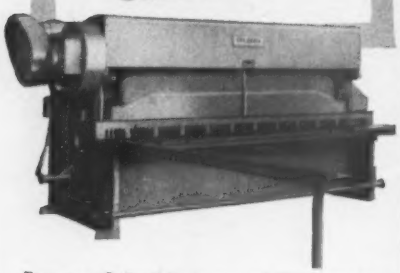


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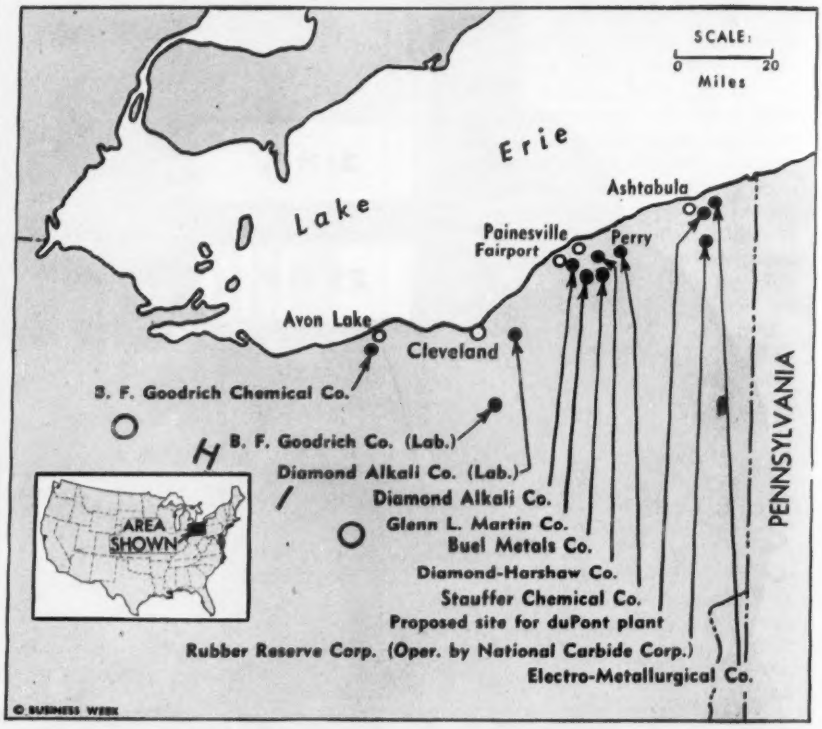
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CHEMICAL PLANTS CLUSTER in northern Ohio to use each other's products

New Chemical Area Grows

Industries move in to tap northern Ohio's rich resources—salt and other raw materials, water, transportation, electric power. Glenn L. Martin plant is latest; Diamond Alkali was pioneer.

A major electrochemical and electrometallurgical center is blooming along the Ohio border of Lake Erie. From the lake, the plants draw the necessary water to make them thrive; from the soil of the neighboring area—and from nearby states—they draw the raw materials in which they have their roots.

Newest of the industrial shoots is the Glenn L. Martin Co.'s plant at Painesville. Last week, this plant made first shipments of its vinyl plastic, Marvinol (BW—Feb.22'47,p38). It is a raw material that can be mixed with other chemicals to form plastic compounds with many uses, including wire insulation, floor covering, and waterproof film.

• **Reasons**—A look at the map and a dig into the soil will tell you why industry is moving in on the region. Dig a hole deep enough into the ground in Texas and you'll probably strike oil. But drill a hole 1,500 ft. or so in northeast Ohio and you'll run into rock salt, 150,000 to 200,000 tons of it to the acre.

To get the salt, water is pumped down. It dissolves the salt, forces the brine to the top. Delivered cost per ton of salt in brine averages about 50¢.

A little to the west, dolomite—raw material for magnesium—is in plentiful supply.

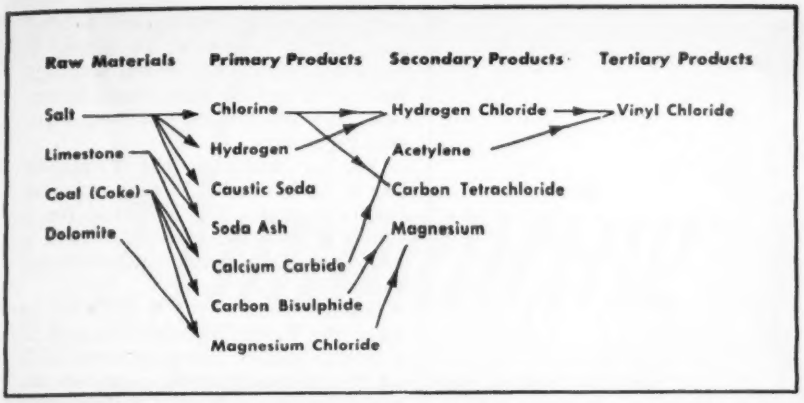
From the upper Michigan peninsula—not far by lake carrier—come several grades of limestone, including the high-calcium stone used to produce calcium carbide.

Neighboring states have an abundance of all-important coal.

• **Firm Foundation**—Another advantage: The chemical industry can count on a firm foundation for its massive buildings. The area is the bed of a former lake. From 10 to 40 feet down, you strike solid shale that will support a structure of any weight.

This old lake plain extends back from the present Lake Erie at a depth of one to two miles. It is only 50 to 60 ft. above Erie's level; pumping of water from the lake is a simple matter.

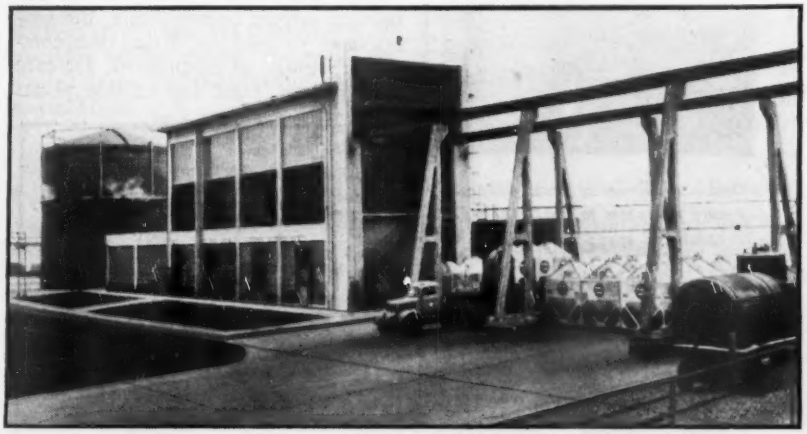
• **Pioneer**—Diamond Alkali Co. was the first chemical concern to spot the advantages of the Painesville-Ashtabula area. In 1912, Diamond was looking for soda ash for its Pennsylvania glass factory. It settled on Painesville as a plant site. This plant is now a mile long; it turns out, along with soda ash, caustic soda, chlorine, carbon tetra-



EXCHANGE of products is the basis for the growing chemical pattern of northern Ohio. Martin's vinyl product (right) comes from salt, limestone, coal (left). Salt is used in making hydrogen and chlorine at Diamond Alkali. In chemical combination they go . . .



BY PIPES from Diamond's plant to the Martin plant as hydrogen chloride. (Diamond plant appears in the background.) Limestone and coal are combined in Ashtabula factories to make calcium carbide, which is brought over to Martin . . .



BY TRUCKS to be made into acetylene, the other element in Martin's vinyl plastic. The five-ton containers of carbide in foreground are lifted into the acetylene generating building by an overhead crane. Acetylene gas holder is in background.

chloride, cement, and related products.

Diamond has its own limestone docks on the Grand River, skirting its plant. There it unloads 1¼-million tons a year of Michigan limestone.

Diamond was one of the reasons that Martin put its new plant in the area—to the tune of about $6-million. Martin can buy anhydrous hydrogen chloride from Diamond (which used to burn excess hydrogen under its boilers). And it can get carbide for its acetylene from one of the nearby Ashtabula plants (picture, above).

• **Industrial Community**—Both Diamond and Industrial Rayon (which has a

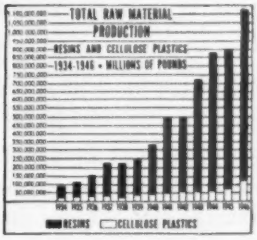
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huge continuous spinning mill nearby) need carbon bisulphide. To supply it, Stauffer Chemical Co. several years ago built a $1-million plant near Painesville. Now Stauffer is considering a sizable expansion.

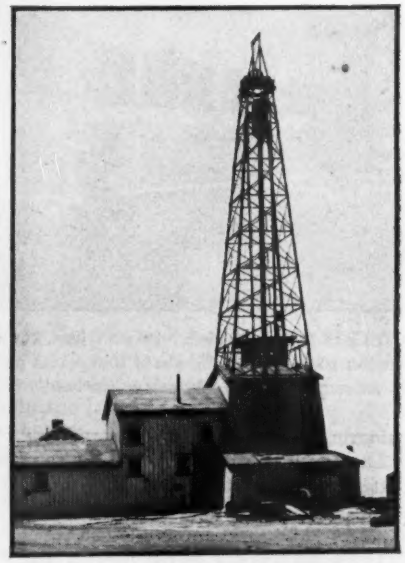
Another settler in the Painesville area is Clifton Products, Inc., maker of beryllium oxide. This chemical has a variety of uses; today nearly all of it is going into the development of atomic energy.

• **Booster**—World War II did a lot to boost the Painesville-Ashtabula area as a chemical center. The government built a $16-million magnesium plant, two calcium carbide units, and a ferro-alloy plant there.

Diamond Magnesium Co., a Diamond Alkali subsidiary, operated the magnesium plant; its rated capacity is 18,000 short tons a year. Diamond Alkali made magnesium chloride for Diamond Magnesium, pumped it over to the war plant. This magnesium plant was one of the first in the nation to reach full capacity.

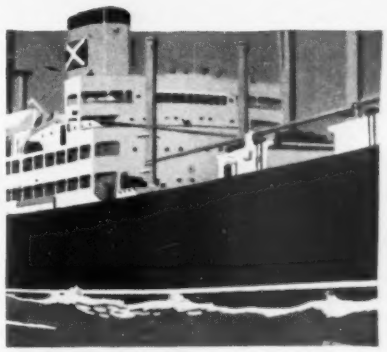
• **Present Status**—Recently Diamond-Harshaw Co. (wholly owned subsidiary of Diamond Alkali and Harshaw Chemical Co. of Cleveland) began using part of the magnesium plant for production of catalysts.

The two calcium carbide units are operated by Electro Metallurgical Co. (subsidiary of Union Carbide & Carbon Corp.) and National Carbide Corp. (subsidiary of Air Reduction Co.) but concerns had been thinking about this area as a possible site for calcium carbide plants two years before the war. When, after Pearl Harbor, the need for calcium carbide became acute, the government stepped in. Using the companies' studies as groundwork, Defense Plants Corp. built the carbide plants



SALT WELLS like this provide raw material for Diamond Alkali's Painesville plant

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in Ashtabula. The companies operated the plant.

• **Expansion**—The Electro Met plant was built as a two-unit operation; one produces calcium carbide, the other ferro-alloys. In 1946 Electro Met bought the plant that it had been operating. The company is now using all of the nine furnaces there—three calcium carbide and six ferro-alloy—at a 75,000-kw. level.

Cleveland Electric Illuminating Co. has supplied the power. But Electro Met's power "take" has built up to 15% of C.E.I.'s total energy sales. So Electro Met is spending about $12-million for a 90,000-kw. plant to supply its own power.

The plant operated by National Carbide Corp., and now owned by Rubber Reserve Corp., is in full production. Its power load is about 30,000-kw. And the combined capacity of the two carbide plants runs between 450 and 500 tons a day.

• **Another Neighbor**—Another chemical company at Painesville is Buel Metals Co., a wholly owned subsidiary of Butler Bros., St. Paul iron ore merchant. Buel has a large electrolytic iron powder plant.

Reason: This operation requires large amounts of hydrogen, which Buel gets from Diamond.

• **Du Pont Coming**—There is a possibility that du Pont may build a metallic sodium and chlorine plant at Ashtabula. These chemicals could be produced by electrolysis of molten salt. Sodium is used mainly in the manufacture of tetraethyl lead. Sodium hydride is used increasingly in descaling of steel (taking off the coat of metallic oxide that forms when steel is heated for rolling). Other uses are being developed.

Allegheny Ludlum, Sharon Steel, Timken Roller Bearing, Copperweld, and Republic are leading makers of alloy steel in the Cleveland area. Some of these companies are unable at present to get all the sodium hydride they need.

• **To the West**—Not all the developing has been in the northeastern Ohio area. The district west of Cleveland is growing, too. Goodrich Chemical Co. has bought 225 acres of land at Avon Lake, 20 miles west of the city. Here a $750,000 experimental plant went into operation a few months ago.

The company will also build a $3-million general chemical plant there. Work is well along on Goodrich's main research and development laboratory (to cost an estimated $3-million) 15 miles south of Cleveland.

• **Behind the Growth**—Nursemaid to the young chemical industry in the northeastern corner of Ohio has been Cleveland Electric Illuminating Co. Nursemaid-in-chief is Robert C. Hienton (picture, page 43), director of



NURSEMAID of Ohio development: C. E. I.'s Robert C. Hienton

C.E.I.'s industrial sales (BW—Jan.28 '47,p28).

Preaching the natural resources of the area, plus available power, bulky Bob Hienton has made the generating station in Ashtabula the lodestone that has drawn some of these operations to the neighborhood. In this he has had the stalwart backing of C.E.I.'s president, Elmer Lindseth. They have succeeded so well that C.E.I. can no longer meet some of the chemical companies' demands.

• **Sales Rise**—In 1944 C.E.I. sold a billion kwh. to three electrochemical and electrometallurgical plants in the area: Electro Met, National Carbide, and Diamond Magnesium (now in standby status). Electro Met will be generating its own power in 1949. Diamond Alkali already does.

Sales of power to chemical plants were off about 40% in 1947 as compared with 1944. But the Cleveland-Ashtabula district has grown so commercially, industrially, and residentially that C.E.I. has started a $93-million expansion program. It is installing some 255,000 kwh. of new generating capacity to provide power for the area. Hienton says this will be a drop in the bucket to what will be needed when the chemical and other industries recognize fully what the area has to offer.

PABCO EXPANDS EASTWARD

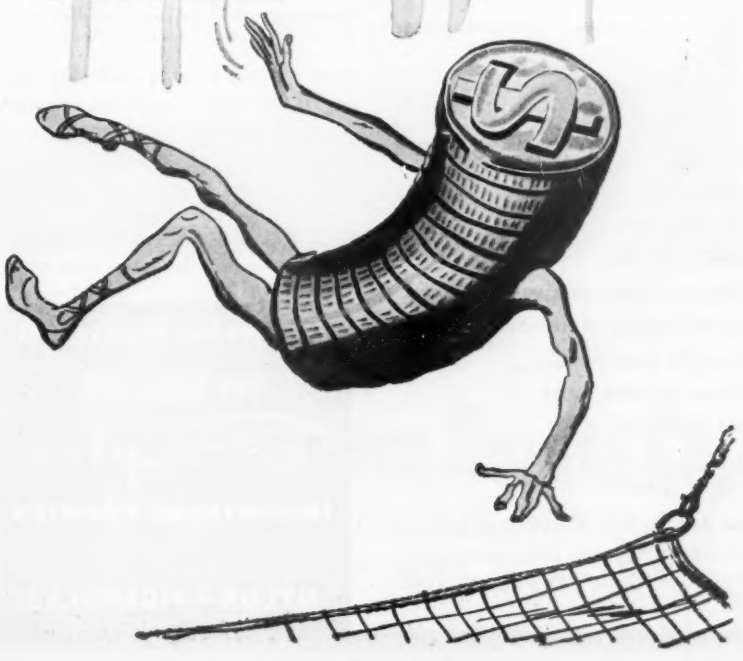
The Paraffine Cos., Inc., of San Francisco is reversing the east-west trend of business expansion: It is planning a branch plant in New Jersey to make a full line of linoleums. Pabco expects the new plant to take the eastern load off the main factory at Emeryville,

Tax rates are

DOWN

in New York State

Business taxes—corporate and unincorporated—are down 25%. Personal income taxes cut 40%. No state sales tax, no excess profits tax. And in the past three years unemployment insurance tax credits to business firms totaled $300,000,000. It *pays* to locate in New York State.



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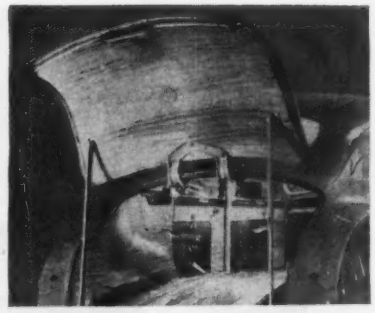
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512 Seventh Ave., New York 18

Your product improvement may begin with
Duplan
INDUSTRIAL FABRICS
NYLON ★ FIBERGLAS

Calif., which is now undergoing expansion.

Construction is to begin this spring on a 26-acre site in Raritan Township. The plant is scheduled for operation late in 1949. It will make Pabco the third largest producer of smooth-surfaced floor coverings (behind Armstrong Cork and Congoleum-Nairn).

To finance the new plant and expansion of western facilities, Pabco sold (through Dean Witter & Co.) $12.5-million of 15-year 3¼% sinking fund notes to Metropolitan Life Insurance Co. and Mutual Life Insurance Co. of New York.

Pabco's products include roofing materials, gypsum products, paints, insulation materials. When a new plant at Redwood City, Calif., is finished this spring, it will add asbestos-cement building materials to the line.

In the fiscal year ended last June 30, Pabco's earnings hit a peak of $3,241,000 on sales of $27,961,000. First six months of the present fiscal year saw earnings reach $1,883,000 on sales of $15,516,000.

WHAT PRICE ATOM POWER?

Industry has been wondering how electric power that is a byproduct of operation of experimental atomic reactors will be priced—when it's available. There is now an answer, of sorts: The Atomic Energy Commission's policy will be to sell such power on the market "for what it will bring."

Revenues from the power would be credited against the cost of operating the reactor.

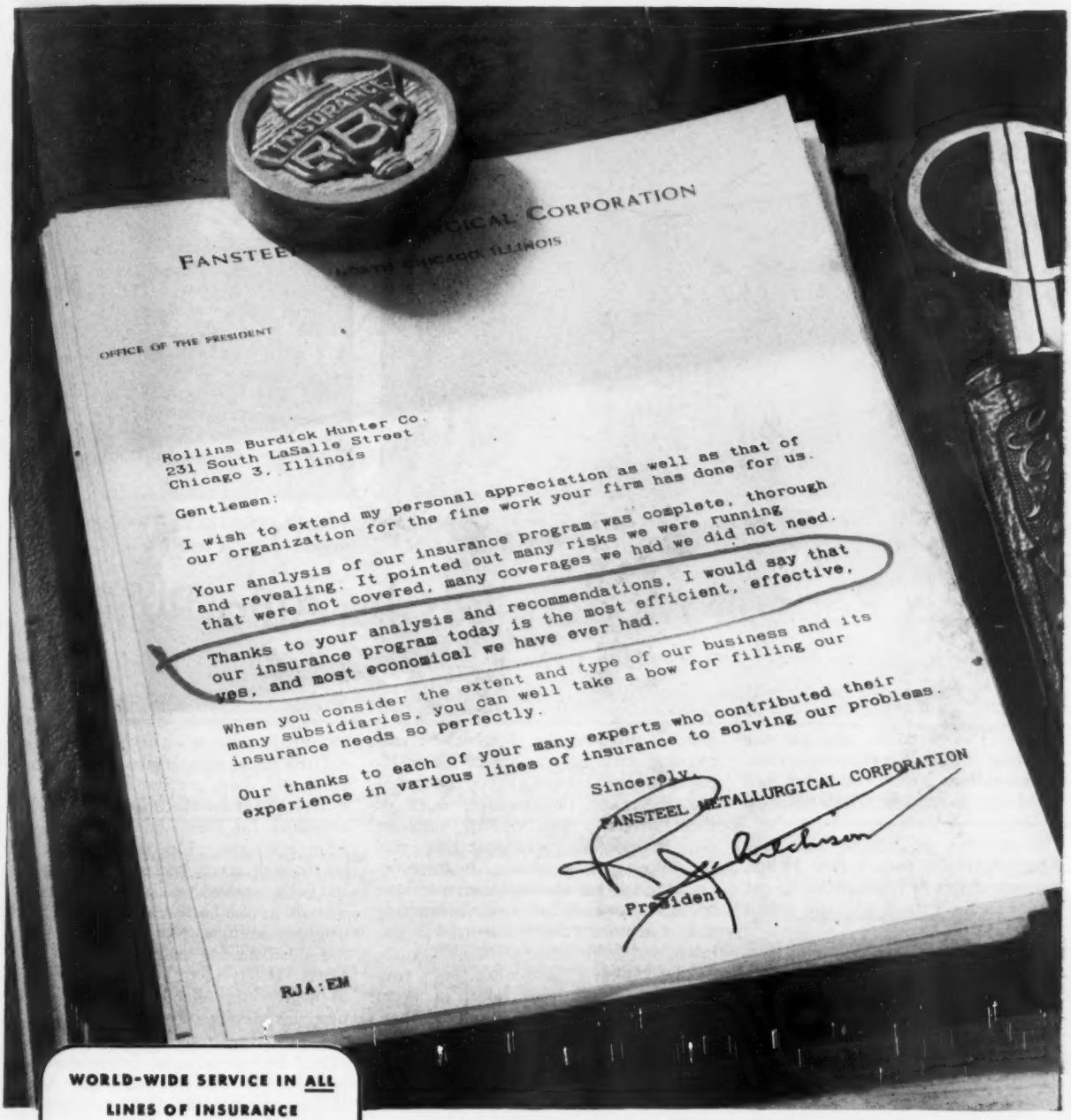
Atomic Commissioner Sumner T. Pike gave this preview of probable "normal policy" to the National Industrial Conference Board. He added a warning note: It will probably be 5 to 15 years before any atomic reactor will be producing more power than is needed to operate its own pumps and bellows.

Pike revealed that thinking on practical power plants now points toward temperatures considerably higher than those in conventional steam plants—perhaps in the range of 1,000 C to 1,500 C. He didn't explain such high temperatures. Presumably it's a matter of the size of the reactors. With concentrated fuels, reactors can be made quite small without reducing power production; minimum size might be somewhere between that of a baseball and a football.

To get the power out, of course, requires some heat exchange surface. Hence, the hotter the reactor's operating temperature, the smaller it can be.

Because of the high operating temperatures, Pike suggested, metallic titanium might turn out to be an important structural material in future power piles.

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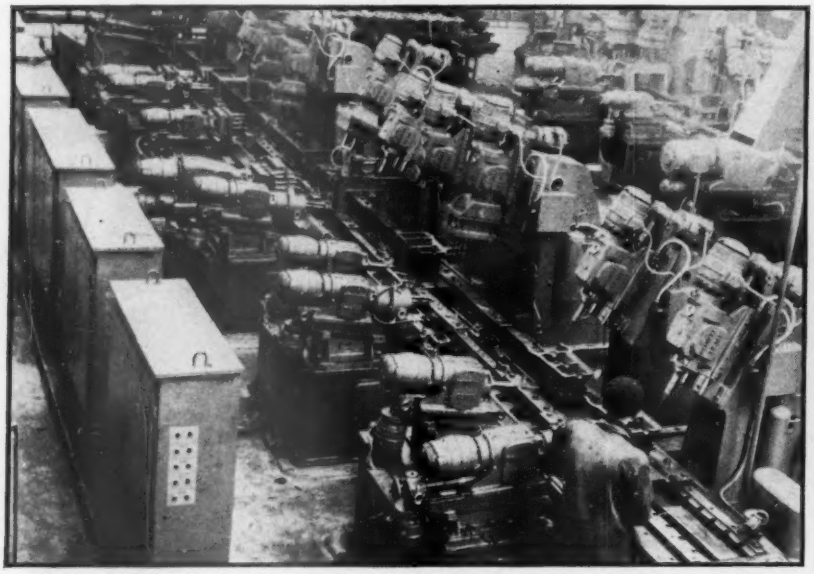
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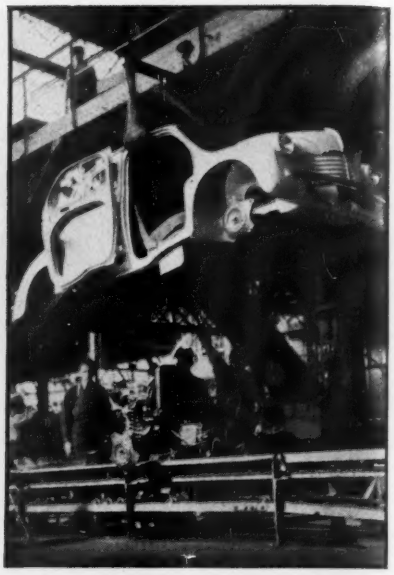
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RENAULT'S BIGGEST "transfer" machine has 22 motor units, 57 tools. Typical of production streamlining, it handles 30 cylinder blocks per hour, prepares them for . . .



FINAL ASSEMBLY. Body coming from upstairs shops is ready for motor

France's Renault Modernizes Its Auto Plant

New production setup compares favorably with U.S. high-output practice, features special machines with standardized parts.

PARIS—The French, through the nationalized Renault automobile company, are making a bold bid to get into the "Model T market" (BW—Mar.20 '48,p34).

The car they are bidding with is a four-passenger job, with a new 19-hp., rear-engine drive. It is supposed to get 38 miles to the gal. of gas, and retails at about $1,300.

• **Impressive Array**—The French have gathered an impressive array of equipment to back up their bid. They have money, steel, and a whole new high-production, machine-tool setup, combined with a modernized foundry.

Industry observers had a chance to see the plant at work last week. They believe that the French have a production setup that compares favorably with American high-output practice.

Basically, the aims are to cut down on labor requirements, insure parts interchangeability, speed production, and cut costs. Current output is only 25 cars a day because the plant is just hitting full stride. By summer, plant officials say, output will be 100 cars a day; eventually it will hit a maximum of 300 a day. Renault figures that kind of output can make a real dent in the European small-car field.

• **Streamlining**—The transformation of Renault was treated as an over-all problem. It involved the shops where mechanical parts are machined; the welding shop; the stamping shop; the finishing plant; and the foundry. Each of these divisions was studied with an eye to possible mechanization and streamlining of operations. In the process, Renault has accomplished a unique trick: It has installed in its machining shop machines it built in its own shops, assembled from standardized subunits.

The two new machining shops contain over 1,000 tools, most of them new. These include 275 American shaving, gear-cutting, honing, and broaching machines. Multiple-point spot-welders, capable of handling 134 welds at the same time, are installed for body work. Ten 2,200-ton Clearing stamping presses form the body sheets. And the foundry can now turn out 25 tons of castings a day.

• **"Standardized Specialization"**—But the most striking production accomplishment is the series of 29 Renault-built standardized "transfer" machines (left picture, above). These automatically perform a series of operations on a part as it passes through the various "stations" on the machine. Rough or semifinished parts are fixed to a bed, which moves automatically along a slide for drilling, reaming, tapping, milling, contouring, or slitting.

As each part moves forward to the next station, a second part moves up to take its place. In some cases, as with piston heads, four castings are mounted on the same fixture or bed and are machined simultaneously. Fixture bases and slides are standardized.

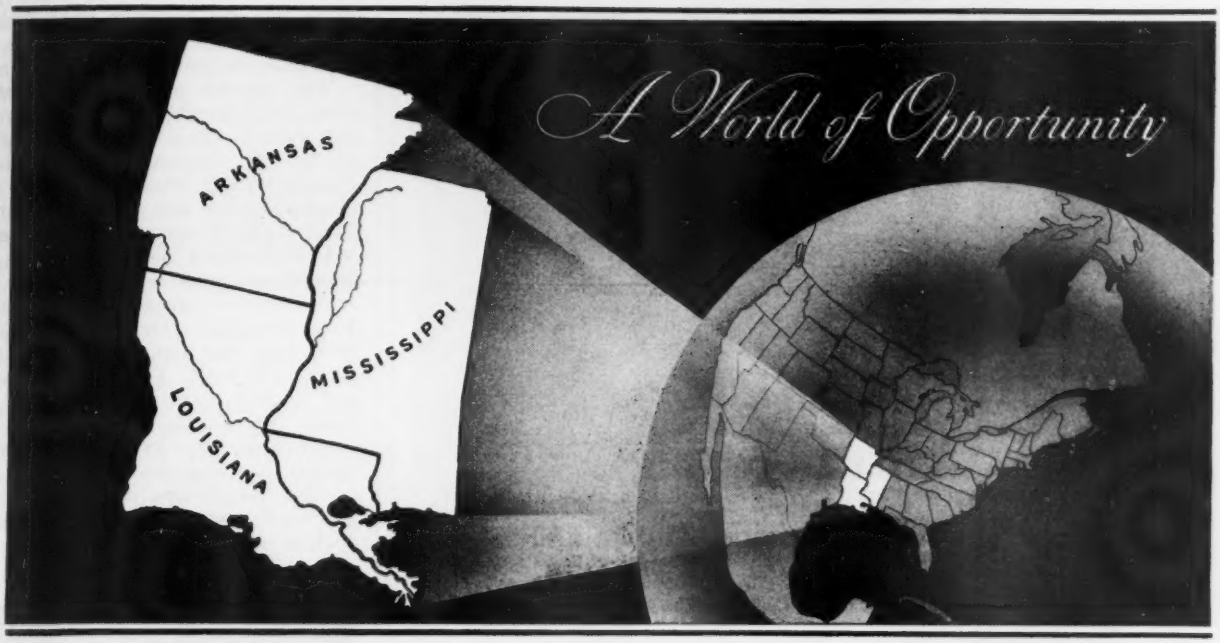
• **Multiple-Head Machines**—Renault has also built for these shops 55 multiple-head machines. On these, parts can go through seven successive operations by being moved on a rotating table. The shops also have several new Renault single machines. Among these is a four-head drilling machine for cylinder heads. It has 42 spindles, including 22 of nearly ½-in. diameter in the upper head for step-by-step drilling.

In all, the firm's engineers have designed 200 special machines or machine combinations for these shops. All of them represent the most complicated part of the equipment needed to turn out engines and mechanical parts for 20 cars an hour. They have been built on the basis of only six standardized elements. In addition to these standard elements, a new machine generally required designs only for its base, tool heads, fixtures, and control mechanism.

• **Standard Elements**—In other words, the ordinary contrast between special and standard machine tools has been all but wiped out: "Special" machines are built chiefly of "standard" elements.

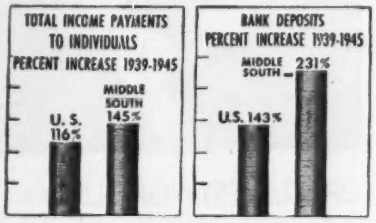
The standard elements are: three kinds of motor units; a transfer slide; a rotating table; a special coolant pump;

TRUTHS YOUR GEOGRAPHY NEVER TOLD ABOUT THE MIDDLE SOUTH



It's Almost a New Land!

The nation has moved forward at amazing speed the past few years. The Middle South (Arkansas, Louisiana, Mississippi) has progressed even faster. That goes for added industries, agricultural advancement, and general trade. These two charts show graphically that prosperity here has increased faster than the nation's as a whole:



Your Geography Didn't Talk "Tung Nuts"

Tung nuts, valuable to the paint and allied industries, are just one of the new crops in the Middle South. Livestock has new importance. Familiar crops—rice, sugar cane, sweet potatoes—have new chemurgic value that means more profits for growers. This table gives you an idea of the resource wealth in the Middle South:

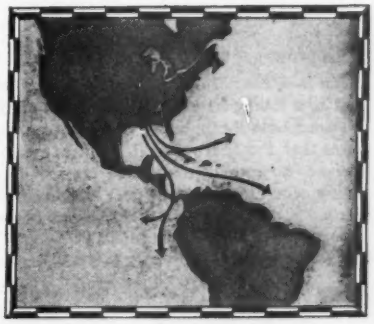
36% of U. S. Barite	54% of U. S. Rice
93% of U. S. Bauxite	10% of U. S. Salt
27% of U. S. Cotton	74% of U. S. Sugar Cane
10% of U. S. Petroleum	21% of U. S. Sulphur
12% of U. S. Natural Gas	11% of U. S. Lumber

70% of U. S. Tung Nuts

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The four electric service companies (listed below) are good examples of our American system at work for all the people. They are closely integrated and interconnected to insure a constant supply of low-cost, dependable electricity. They provide the pow-

For further information, write any of these electric service companies:

ARKANSAS POWER & LIGHT COMPANY
Pine Bluff, Ark.

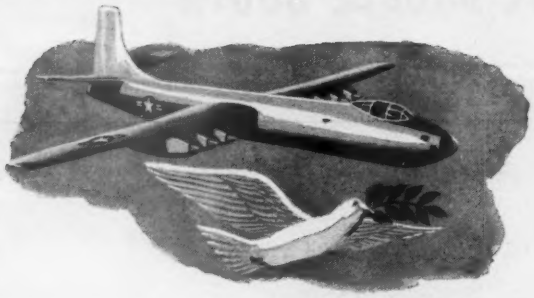
LOUISIANA POWER & LIGHT COMPANY
New Orleans 14, La.

MISSISSIPPI POWER & LIGHT COMPANY
Jackson, Miss.

NEW ORLEANS PUBLIC SERVICE INC.
New Orleans 9, La.



More Air Power to U. S. A.!



PARTNERS! Air power is peace power. With sufficient new planes like the Martin XB-48 (above) we can truly guard the peace. Last year only 1800 military planes were built for the U. S. A.

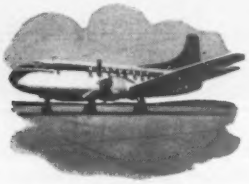
FASCINATING FIELDS

. . . are being opened by the USAF. Helicopters, sonic speeds, rocketry, probing the frontiers of outer space . . . these are just some of the fields open to forward-looking young men. Ask at your Air Force recruiting office.



FORERUNNER

. . . of today's Martin aircraft is this tiny plane built—and flown—by Glenn L. Martin in 1909. Now entering its 40th year, the Martin Company is an international institution employing nearly 11,000 men and women, operating aircraft, chemicals and other plants in Maryland, Pennsylvania and Ohio.



NORTHWEST ORDERS MORE!

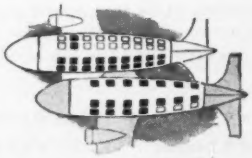
So efficient and profitable have been Northwest Airlines' Martin 2-0-2 airliners, that NWA has ordered 15 more. Delivery of the additional 2-0-2's will be completed by June, giving Northwest a fleet of 25 high-speed Martin airliners.

AIR POWER SUPREME!

The Congressional Aviation Policy Board reports, "To defend ourselves in the age of atomic bombs, of radioactive dust, of bacteriological contamination and guided missiles we must have air power that is supreme."

BIG AND LITTLE

. . . business are both cited by the Congressional Aviation Policy Board. In addition to urging a strong aviation industry, the Board recognizes that aviation's "small business man"—airport operators, sales and service men, flying schools, private fliers—"should be regarded as a national asset and be given every recognition and encouragement."



HERE'S THE PAY-OFF FOR AIRLINES!

Martin 2-0-2 can operate profitably with slightly over half of its seats filled . . . prewar twin-engine planes must have considerably greater payload in order to break even. Thus 2-0-2 offers better service to the public, economic health to the airlines. The Glenn L. Martin Company, Baltimore 3, Maryland.



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and a mechanism for halting functioning of certain tools around a rotating table while other tools continue to operate. Of the motor units, there are 470 of 1½ hp., 230 of 5 hp., and 30 of 15 hp.

• **200 Machines**—The standardization has allowed 55 designers, working with 15 draftsmen, to design 200 special machines in 18 months. After the six standard elements were set, a new machine required generally only designs for its base, tool heads, fixtures, jigs (to hold the work), and control mechanism.

The transfer machines, no matter what their length, operate with only two workers—one at the entry, the other at the exit. In some cases, one man handles the exit from one machine and the feed for the next one. The rotating table machines operate with one man.

• **Cylinder-Block Machines**—Among the transfer machines is a 12-station, 22-unit machine operating on cylinder blocks. Another cylinder block machine with only four stations and six units carries 160 tools. The oil pump housing machine, with 12 stations and 19 heads (for drilling, milling, etc.), reduces machining time from 35 minutes to less than four minutes.

One transfer machine performs all machining operations on the inlet manifold; a second does the same for the



UP AT WESTINGHOUSE

Dr. John A. Hutcheson takes over as director of Westinghouse Electric Corp.'s research laboratories in its first shift in command in 17 years. He succeeds Dr. L. Warrington Chubb, who is retiring after 40 years of research and engineering with the company. Chubb has headed the laboratories since 1930. For the past four years, Hutcheson has been associate director. During the war, he was in charge of the company's radar research program, later worked on plans for atomic energy development.

exhaust manifold. After they are bolted together, a third machine finishes the two—in considerably less than half the time the whole operation took formerly. In general, these transfer and rotating-table machines are able to turn out from 35 to 60 parts an hour, although total output of cars is set for 20 an hour.

• **Single Propulsion Unit**—Since the propulsive parts of the car are all in one unit, a single endless-loop type conveyor has been placed in the center of the main engine shop. On this are assembled the engine and the transmission-differential unit. Then the two are joined together.

An endless overhead conveyor routes engine sub-assemblies from stock to assembly line. Another such conveyor serves for the transmission-differential unit. A third moves completed assemblies from line to paint shops, to test banks, to stack, to dolly station. Finally, they are hauled to another building for the car's final assembly.

• **Foundry Is Reorganized**—Renault's badly damaged cylinder foundry has been reorganized to allow doubling the prewar capacity of 25 tons per day. Four core units, each with a sand reserve, mill, blowing unit, and vertical oven, have replaced the three former horizontal ovens. Drying of coating and glue is handled on a production line basis. The finished cores are transported by overhead conveyor to the casting stations.

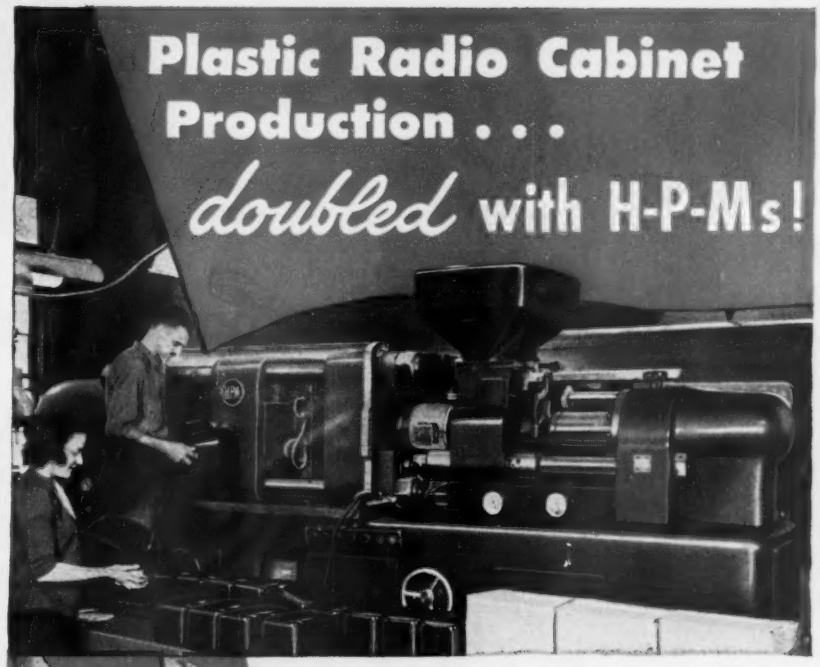
Renault has set up three production lines in parallel for casting. Cylinder-head and small cylinder lines move with chain conveyors, while the larger cylinder line is provided with rolls. The latter two lines are served by two sand-blowing machines, operating over a grilled floor, with space available to install another two such machines

• **Sanding**—The cylinder-head line is served by four shake-and-pressure machines. All sand comes from a single bin at the rate of 80 cu. yd. per hr. Mountings are all manipulated with the aid of overhead hook-conveyors. The steel is also carried by overhead crane. Sand discharge is by vibrating grills, all placed in line for unified evacuation.

The new production lines were set up in five weeks. They save a lot of foundry labor—just as short in France as in the U. S.

Other operations, aside from stamping and spotwelding body parts, have called for only minor modifications. Although they may not be as advanced in all details as American practice, Renault's assembly lines are set up on a modern basis. (But some experimentation is under way, to improve the painting department.)

• **35% Labor Saving**—Altogether the new equipment and procedures in the mechanical shops represent a saving of about 35% of the labor force formerly





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this is "music" to the ears of every manufacturer!

To meet a big demand for its new table model radio, a prominent radio manufacturer needed 250,000 radio cabinets "RIGHT NOW"

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3 — unlimited color selections of polystyrene over phenolics did away with expensive painting.

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needed to make a similar number of slightly larger parts for the old model of car. There is involved, of course, a higher proportion of skilled workers.

Despite leftist control of the Renault workers' union, labor reaction to this whole modernization program has been overwhelmingly favorable, the personnel director reports. One explanation: Both the leftist leaders and the workers want to make the nationalized company operate in the black.

P. S.

Magnesium alloys with double the strength of those currently in use have been developed. Lt. Gen. R. A. Wheeler, chief of the Army's Corps of Engineers, told about them recently at the annual meeting of the Magnesium Assn. in New York. Said Wheeler: "The new alloys are about 12% lighter, and easier to extrude and roll; they are still in the laboratory stage."

A seven-day training course in statistical control—that a company can set up itself—is outlined in Manual PB-17522, published by the Office of Technical Services, Dept. of Commerce. The program is designed for management-men in manufacturing.

General Aniline & Film Corp. will offer licenses to the public on about 3,500 of its patents. The rights are on dyestuffs and in the photographic, chemical, and textile fields.



BIG DIE FOR ORNAMENTS

Claiming honors as the longest die-casting mold ever made, this die turns out automobile fender ornaments at the Detroit plant of Gerity-Michigan Corp. The die's length: 80 in. It weighs 10,000 lb., makes a zinc alloy strip that weighs 2¾ lb. Four months' designing and construction went into the die before it started work last December.



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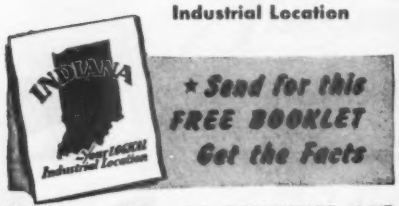
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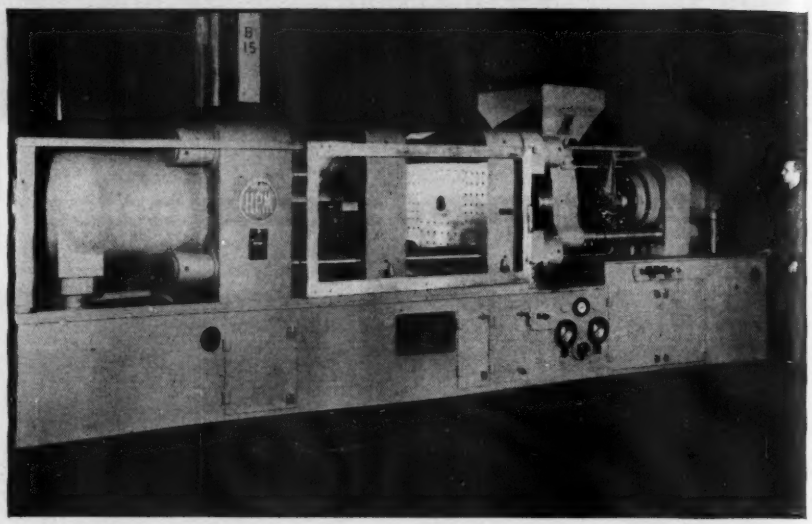
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NEW PRODUCTS



Plastics Molder

An injection molding machine has been developed for mass production of plastics. It is manufactured by Hydraulic Press Mfg. Co., Mt. Gilead, Ohio. The machine will mold 40 oz. of acetate or 32 oz. of polystyrene per cycle. It handles all types of thermoplastic material.

Operation is entirely automatic. All the operator has to do is remove the parts after they have been ejected from the mold. Four steps take place between the raw plastic and the finished part: (1) The mold is closed and clamped; (2) the molding material is fed into a two-zone, electrically heated chamber, where it is plasticized; (3) the material is injected into the closed mold; (4) after chilling, the molded part is ejected to complete the cycle.

Hydraulic Press says that the mold clamp does away with die slam; an automatic slowdown just before mold contact turns this trick. Changing the molds is designed to be a quick and easy operation.

• *Availability: 20 weeks.*

Slip-Stopper

Slips and falls on smooth steel and iron surfaces play a large part in keeping industrial accident rates up. Metallizing Engineering Co., Inc., 38-14 30th St., Long Island City 1, N. Y., thinks its new Ruf-Tred tool will prevent some of the mishaps. The tool, a vibrating electrode holder, deposits hard rough bead lines on metal surfaces. It can be used with either a.-c. or d.-c. welding machines.

On a large area, the bead lines ($\frac{1}{8}$ in. wide, $\frac{1}{32}$ in. high) are usually spaced several inches apart in a diamond-like pattern. On a small area—like a stair tread—a number of closely spaced parallel lines are used.

To make the beads, the end of the electrode is drawn along the surface to be roughened at about 5 ft. per min. The vibrator causes intermittent arcing. Heat from the arcing melts the end of the hard steel electrode and fuses the drops to the base. The deposited metal retains its slip-proof qualities even when wet or oily, the company says.

• *Availability: 10 days.*

Floc Maker

Dissolving aluminum in water by electrolysis to make floc (a mass of fine suspended particles) is an old story. Now Alhydro Inc., 516 N. Charles St., Baltimore 1, has adapted the principle to a machine for water purification. The floc producer is said to minimize chemical storage, get superior results in removing color and turbidity.

Basic principle on which the floc-maker operates is the application of variable low-voltage d.c. current to an assembly of alternate aluminum and stainless steel plates. The plate assembly is housed in a tank through which a controlled flow of water passes. The aluminum plates serve as the anode. As in an electroplating bath, aluminum particles are released from the plates as the current passes through. These free particles react in the water flowing around the plates and form concentrated aluminum hydroxide floc. The floc rises to the top of the tank and is carried off into the raw water stream.

The machine, of course, is not intended to do a complete job of purification. The floc just does the work of filtered alum; chlorine still has to be used. Alhydro says, however, that it gives better water at competitive cost.

does away with acid conditions and the need for preconditioning the water. The standard size unit—45 x 13 x 34 in.—will work singly or in multiples. Unit capacity makes enough floc to treat 350,000 gal. of water per 24-hr. day.

• *Availability: second quarter of this year.*

Voice Coder

An automatic way to code and decode confidential information and letters has been developed by Codit Co., 3535 Dell Trail, Chattanooga, Tenn. The system uses a special plastic tracking disc to replace the tracking discs normally used for dictation. Records are made on a machine that magnetically transcribes on thin paper or plastic. The recording head does not move straight across the disc; instead follows a constantly changing path set by the code. Result: a voice recording that is unintelligible to anyone who plays it back—unless he has an identical tracking disc of the same code.

The discs are designed to work with Brush Development Co.'s Mail-A-Voice. In recording, the Codit disc is placed over the top of a paper or plastic record on a turntable. Channels in the disc act as a guide for a needle that controls the action of the recording and playback arm. As the table turns, the arm moves across the surface of the record, recording the voice by creating an uneven magnetic pattern. To get an unscrambled playback you have to have an identical disc to guide the pickup head over exactly the same pattern that was used in the recording.

The Codit discs are sold in sets of two with a formula certificate (for replacements). No two sets are made to the same formula.

• *Availability: immediate.*

Multiple Stamper

Light-wall aluminum, copper, and brass tubing can be marked on one to four sides at production-line speeds with a machine made by Pannier Bros. Stamp Co., Pannier Bldg., Pittsburgh 12. The Master Marker makes its four-side stamping on one run at speeds up to 300 ft. per min. It handles bars as well as tubing—in round, square, and hexagonal shapes. Sizes of the metal can vary from $\frac{1}{8}$ in. to 2 in. in diameter.

The machine comes with a $\frac{1}{3}$-hp. motor. Interchangeable type can be had if needed. Weight of the complete unit is 700 lb.

• *Availability: three months.*

Dressed-Up Sprinkler

Fire sprinklers don't have to be ugly to be good. Grinnell Co., Inc., 260 W. Exchange St., Providence 1, R. I., says that's what its new Quartzoid Ceil-

Introducing the NEW

R.C.Allen

desk model BOOKKEEPING MACHINE

and it's so low in price!



Here is modern bookkeeping service at a price that any business can afford. No other machine has ever offered so much for so little. With the new R. C. Allen desk-type bookkeeping machine, your ledger, statement and proof journal can be posted simultaneously, banking or payroll work can be handled with equal speed, simplicity, and accuracy. You do not need a trained operator — any clerk can handle the R. C. Allen.

Call FOR A DEMONSTRATION *today!*

See how quickly, easily and inexpensively you can have a modern bookkeeping system — the R. C. Allen way

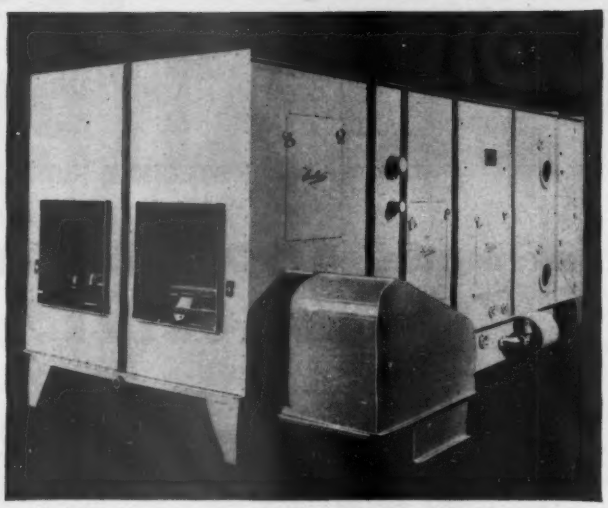
For authorized R. C. Allen sales and service, consult the yellow pages of your telephone book

R.C.Allen Business Machines, Inc.

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BUFFALO Wet Glass Cell Air Washers keep your air RIGHT!

Properly conditioned air is a BIG FACTOR in public and industrial relations! If it's clean, tempered and humidified, workers accomplish *more*, with less effort. "Buffalo" Wet Glass Cell Air Washers are quiet, low-cost, continuous-service units doing an important job in keeping employees and customers COMFORTABLE—in promoting HEALTH—in keeping processes functioning efficiently. For industrial cooling and air conditioning, there's a "Buffalo" Air Washer ready to handle your particular problem on a trouble-free basis. Write us for the facts!

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★ DRYING

CUTTING COSTS IN EVERY BRANCH OF INDUSTRY

ing Sprinkler proves. The fire sprayer is fed by concealed piping; nothing but the deflector, its arms, and a bulb show below the level of the ceiling. The narrow ring that closes the opening in the plaster can be painted.

Grinnell says that the sprinkler goes into action as soon as ceiling temperature reaches 135 F.

• *Availability: immediate.*



Bulb Flasher

Setting off photographic flash bulbs by remote control is one way to get around the tangles of extension cord that plague picture takers. Strobo Research, 4351 N. 35th St., Milwaukee 9, offers the remote control in its Teleflash, a lightweight, compact unit that combines a reflector and triggering mechanism.

Here's how it works: On top of the Teleflash (a flash bulb holder) is a small photoelectric cell. As soon as a flash lamp is put in the holder, current flows from tiny batteries into a capacitor that stores up the energy. When a flash lamp is fired (in the usual way) near the camera, the photoelectric cell picks up the impulse. An electronic switch is tripped, lets the stored energy run through to fire the flash bulb. The burning out of the bulb opens the circuit, keeps the batteries from running down.

The unit responds only to short pulses of light; turning up room lights won't fire the bulb. Flashes can be synchronized at 1/200 sec. at distances up to 50 ft.

• *Availability: limited quantities, immediate; generally, 60 days.*

Minerals Remover

For low-cost conversion of tap water into the chemical equivalent of distilled water, Penfield Mfg. Co., Inc., Meriden,

Conn., is offering a new demineralizer. The unit has a renewable resin cartridge. In the cartridge, water passes through a series of special resins. The water is acidified, then neutralized and the impurities are adsorbed. Metals removed include sodium, potassium, calcium, magnesium, iron, copper, and lead. Salts taken out are sulphates, carbonates, and chlorides.

The demineralizer is intended for laboratory use. It consists of a wall bracket, the resin cartridge, and an electrical resistance indicator to show when a new cartridge is needed.

• *Availability: immediate.*

Car Beautifiers

For the well-groomed auto, E. I. du Pont de Nemours & Co., Inc., Wilmington, Del., has two new beauty aids. The face-lifters: a tire black for tires, rubber mats, and running boards; a polish for use with electric car-polishing machines.

The tire black is sold in pint cans, ready for use. It dries quickly after application with a paint brush or swab; gives a durable, black finish to old running boards and mats.

The No. 7 Power Polish comes in gallon cans. It's intended for car dealers and service stations. Du Pont says it works well on any lacquered or enameled surface.

• *Availability: immediate.*

P. S.

Small floodlight and spotlight for home use are made by Westinghouse Electric Corp., Bloomfield, N. J. The mushroom-shaped, 75-w. lamps have built-in reflectors, can be used to highlight pictures, light tables or sinks.

Low-cost aerosol insecticide is marketed by Bostwick Laboratories, Bridgeport, Conn. The bug killer, a mixture of DDT, pyrethrum, and sesamin, comes under low pressure in a can. A push-button mechanism on top of the container shoots out the spray.

Chimney-mount antenna base is made of aluminum alloy. Straps and steel bands hold it on the chimney. Installation needs only a screw driver and pliers. Made by South River Metal Products Co., South River, N. J.

Heater hood for tractors takes heat from the engine, circulates it through the operator's cab. Automatic Equipment Mfg. Co., Pender, Neb., the maker, says the hood also acts as a protective cover for the machine, does away with the need for indoor storage.

Yellow electrical cable for use on mining equipment is manufactured by U. S. Rubber Co., Rockefeller Center, N. Y. The yellow cover can be plainly seen by miners; helps them keep the cable out of danger.



Cleanest on Earth

● With Safeguard you'll enjoy the same sure, smooth writing action that you get from a fine fountain pen! . . . Because only the mere tip of the point reaches the fluid in the reservoir, the point stays clean, without flooding—is always ready for instant action! Yet a single dip writes a page or more! And even if Safeguard should be accidentally tipped over, the chances are 100 to 1 that no fluid will spill out! W. A. Sheaffer Pen Company, Fort Madison, Iowa—Malton, Ontario.

SHEAFFER'S



Scene on the coast of South Africa. Natives gathering and loading leaves of the plant (*itoile*), to be used in the manufacture of ***Elliott's Rubber Bicycle Tires.***

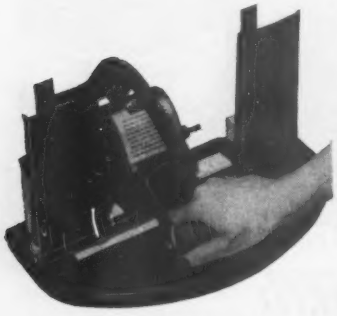
This cartoon is reproduced from the humorous Elliott Bicycle Catalog of 1888.

THERE'S NOT MUCH difference between typewriters or adding machines or automobiles or oil burners or electric refrigerators, but there is a whale of a difference between Addressing Machines.

And our trouble is that the "Boss" never runs *his* addressing machine—so how will he ever find out how terrifically superior the Elliott Addressing Machine is?

Other addressing machines are noisy, Elliott Addressing Machines are quiet, but if he is far away from the noise it can't annoy him. Elliott fiber address cards are clean and light to handle, but if he never handled metal address plates he will never know the heaven on earth that fiber address cards can bring to his addressing machine operators.

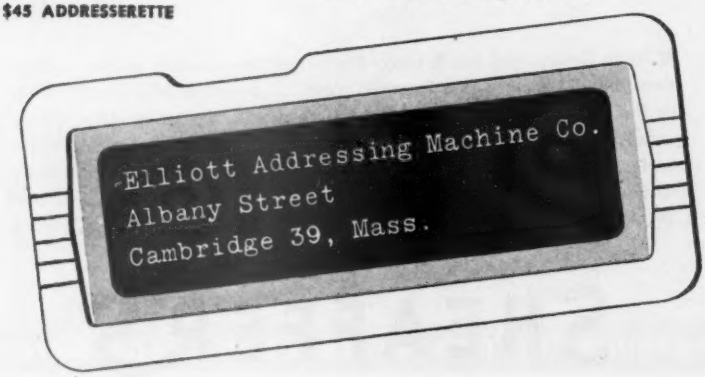
But after lots of thinking, we figured out a way to show him. We invented this little $45 sample Elliott Machine and hereby offer to send it to anyone who will agree to show it to the man who now thinks he is satisfied with an old-fashioned addressing machine, and after you show it to him you can return it for full credit.



$45 ADDRESSERETTE

And we will install an Elliott Addressing System in your office and let you pay us for it out of the money it saves you.

Two interesting and informative booklets will be sent upon request. Simply write, on your business letterhead, to The Elliott Addressing Machine Company, 151 Albany Street, Cambridge 39, Mass.



READERS REPORT:

The Millers' Program

Sirs:

I want to thank you on behalf of the Millers' National Federation for your story on our long-range program [BW—Feb.28'48,p46].

It was well organized and accurate, and it told the whole story in an interesting manner.

JOHN R. KINSEY
PUBLICITY DIRECTOR,
MILLERS' NATIONAL FEDERATION,
CHICAGO, ILL.

Anti-Withholding Tax

Sirs:

. . . The most serious single factor in the tax structure today is one that apparently has escaped the attention of many people. That is the manner in which federal income tax is being collected. The plan of withholding employees wages seemed good at first, but after further experience and thought we can now see that income taxes of workers are almost the same as a hidden tax because of the way they are collected. For instance, let's use an example of a married man making $200 per month with $16 withheld. This man has no connection with the actual paying or handling of this matter; his employer takes the tax away from him before he sees it, then keeps complete records for him and sends the money to the tax collector. The employee receives a statement at the end of each year showing what he has paid unconsciously. However, all of the irritation and detail has been removed from his control. This man knows only one thing —that he is paid $184 per month, and if it isn't enough then he takes out his feelings on the employer.

Now if this worker were to be given the entire $200 each month and forced to count out $16, make out the forms and take it to the tax office, his feelings about this whole matter would be more patriotic. He would not stand for such taxes very long and would get on the side of businessmen and do something about it. The withholding principal is as painless to him as the unreasonable tax on cigarettes, because he is out of contact with it. . . .

It is the hope of many businessmen, or I should say all, that we can fight this withholding method and throw it out even though it will be more expensive to collect this tax another way. As it now stands, employers are unpaid tax collectors and the workers can be taxed eternally on a high basis without pain at the right point. It is perfectly obvious that the federal government would find it impossible to make work-

A Distributor Serves you Best



● CHAMPION AIR AND WATER HOSE ARE BUILT UP TO THE HIGHEST STANDARD, NOT DOWN TO A PRICE. ONLY THOSE WHO KNOW THE ECONOMY OF QUALITY ARE INTERESTED IN CHAMPION HOSE.

WHY NOT MAKE YOUR REPUBLIC RUBBER DISTRIBUTOR'S LARGE INVENTORY INVESTMENT PAY YOU DIVIDENDS?



A quality of product uniformly good and capable of delivering service results that should reasonably be expected.

You need not waste stock room space and inventory cost for the many industrial rubber items you use. Your Republic Rubber Distributor carries all standard items and delivers your orders promptly. In addition, this practical service-arrangement saves time in keeping your stock room records—another way a Distributor best serves you. Why not get into the habit of using your Republic Rubber Distributor's service? The short cuts will lead to many substantial savings.

MECHANICAL RUBBER GOODS BY

REPUBLIC RUBBER DIVISION

A QUARTER CENTURY OF PROGRESS

REPUBLIC RUBBER DIVISION
LEE RUBBER & TIRE CORPORATION . . . YOUNGSTOWN, OHIO
Lee DeLuxe Tires & Tubes, Conshohocken, Pa.



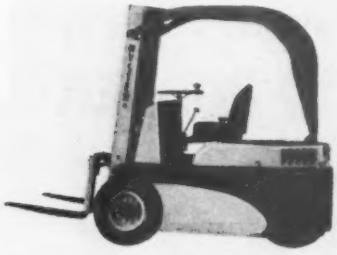
7 out of 10 Materials Handling Problems are Solved by the...

HYSTER "40"

Here's the lift truck that has been engineered and built to do *more* jobs in *more* industries *than any other lift truck on the market.* This 2 ton capacity unit on pneumatic tires works indoors or outdoors, on rough or smooth surfaces; hoists, transports and tiers heavy or bulky loads easily, quickly, economically.

PNEUMATIC TIRES! CURRENT DELIVERY!

Pneumatic tires are easier on loads and floors. 4000 lb. capacity is ideal for a wide range of industries. Added features include trunnion steering; hydraulic brakes; hydraulic lift; powerful air cooled gasoline engine; speed up to 12 mph in either direction; maximum visibility; low operating cost. All of this, **PLUS CURRENT DELIVERY**, marks Hyster "40" as a money, time and labor saving machine that should be working for you right now. See your Hyster distributor. Write for literature.



4,000 LB. CAPACITY. Speedy and powerful. 30-in. load arms can hoist a 2 ton load 9 ft. to underside of load. Other heights of lift available.

GO TO YOUR HYSTER DISTRIBUTOR FOR CURRENT DELIVERY

ALASKA—Northern Commercial Co.
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CALGARY, ALTA.—A. R. Williams Machy. Western, Ltd.
CHICAGO, ILL.—Hyster Company
CINCINNATI, O.—Orel T. Carter & Associates
CLEVELAND, O.—Morrison Company
DALLAS, TEX.—C. H. Collier Company
DENVER, COLO.—Paul Fitzgerald
DETROIT, MICH.—Bentley & Hyde
GRAND RAPIDS, MICH.—Bentley & Hyde
HALIFAX, NOVA SCOTIA—A. R. Williams Machy. Co., Ltd.
HONOLULU, T. H.—Electric Steel Foundry Co.
HOUSTON, TEXAS—C. H. Collier Company
INDIANAPOLIS, IND.—Central Rubber & Supply Co.
JACKSONVILLE, FLA.—L. S. Teague Equipment Co.
KANSAS CITY, MO.—Industrial Power Equipment Co.
LOS ANGELES, CALIF.—Hyster Company
LOUISVILLE, KY.—Embry Brothers, Inc.
MEMPHIS, TENN.—Hyster Co. of Louisiana, Inc.
MILWAUKEE, WIS.—Hyster Company
MINNEAPOLIS, MINN.—W. S. Nott Company
MOBILE, ALA.—S & T Equipment Co., Inc.
MONTREAL, P. Q.—A. R. Williams Machy. Co., Ltd.
NEW ORLEANS, LA.—Hyster Company of Louisiana, Inc.
NEW ROCHELLE, N. Y.—Eastern Industrial Sales Co.
OTTAWA, ONT.—A. R. Williams Machy. Co., Ltd.
PHILADELPHIA, PA.—Rapids Handling Equipment Co. of Phila., Inc.
PHOENIX, ARIZ.—Equipment Sales Company
PITTSBURGH, PA.—Equipco Sales Company
PORTLAND, ORE.—Hyster Sales Company
ST. JOHNS, N. F.—City Service Company, Ltd.
ST. LOUIS, MO.—Wharton L. Peters, Inc.
SALT LAKE CITY, UTAH—Arnold Machinery Company
SAN FRANCISCO, CALIF.—Hyster Company
SEATTLE, WASH.—Hyster Company
TORONTO, ONT.—A. R. Williams Machy. Co., Ltd.
VANCOUVER, B.C.—A. R. Williams Machy. Western, Ltd.
VICTORIA, B.C.—A. R. Williams Machy. Western, Ltd.
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In addition to above, Hyster Export Dealers are located in 30 foreign countries.

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ers pay the present tax by use of any other system than withholding for the simple reason that too many workers would refuse to pay while others would not be able to do so.

It is true that the repeal of withholding may bring on attempts to soak the rich; however, this would be an open battle and something that we must face in any event. As long as we have government agencies doing various jobs for us we must pay taxes and be ever ready to see that they do not succeed in getting more than they should have. I would be willing to face a fight of this type and even pay the same, if not more taxes myself, provided we can make the general public tax conscious and force a better accounting of our money. My main interest in all of this is that I firmly believe we are being taxed beyond actual need and that this excess taxation can be continued unless we get all of the people in the fight.

I do not believe that employers should have the burden of tax collection thrown on their shoulders; but even if they paid me 50% of all I collected from my employees I would still not be in favor of withholding because it is too painless. We would have had a reduction in these taxes before now if the average salaried man was more interested. Salaries are no longer considered as gross and net . . . the net alone is considered by the worker, or the so-called take-home pay. This system has transferred all responsibility from the taxpayer to the employer and thereby our government has taken all the fight out of 50-million taxpayers.

JOHN E. COOLIDGE
JOHN E. COOLIDGE CO.,
LOS ANGELES, CALIF.

Abreast of Reconversion

Sirs:

The article on "Reconverting War Research" [BW—Jan.10'48,p56] was one that I found very interesting. I was struck by the number of references that were made to previous issues of Business Week, showing that you had not been behind times in keeping up with new developments.

I have one or two suggestions to offer with regard to form—spelling and nomenclature. The American Chemical Society urges the adoption of the spelling "sulfur.' The spelling of the name of the element is always "phosphorus"; "phosphorous" is the name of the acid of the next lower state of oxidation from phosphoric. . . . Workers in aerodynamics have appropriated the word "supersonic," as covering the field of velocity higher than that of sound waves in air. The term "ultrasonics" is becoming recognized as more appropriately describing the field of compression waves of frequency higher than the

AN INVITATION TO BUSINESSMEN *on behalf of producers of the world's goods, from*

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We invite you to the

CANADIAN INTERNATIONAL TRADE FAIR

MAY 31 TO JUNE 12, 1948 - TORONTO, ONTARIO

... and we think you'll profit by coming

This will be the first International Trade Fair ever to be held in North America. It is sponsored by the Government of Canada, which cordially invites United States businessmen to attend.

It will be devoted entirely to business. The general public will not be admitted. Every exhibit has been accepted on the condition that the goods displayed are for sale and can be delivered within a reasonable time. Transactions can be completed on the spot.

The products of more than 25 countries will be on display, and buyers will come from every quarter of the globe. For the period of this fair, Toronto will be a world market-place—the sample room of the world on your doorstep—within a convenient day's journey from any city in the United States.

Canada will be the host—but the fair will belong to the traders and businessmen of all the nations. There will be interpreters—special cable and communications services—private restaurants and meeting rooms—all the facilities you need to do business with all the world, comfortably and conveniently.

Official invitations, which are required for admission, may be obtained on application to the Canadian International Trade Fair, Canadian National Exhibition Grounds, Toronto, Canada. Early requests will help to assure accommodation.



DEPARTMENT OF TRADE AND COMMERCE
OTTAWA CANADA

YOU CAN CUT YOUR TURNING COSTS

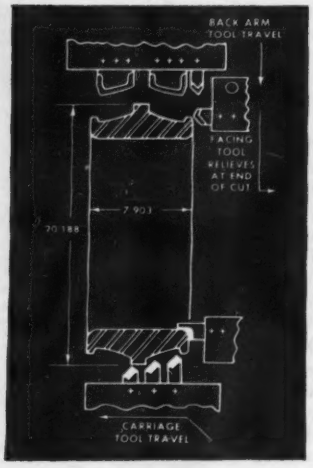
if

your lathes have the Power, Rigidity and Spindle Speeds to use Carbide Tools effectively.

for instance . .

Here's a revolutionary example of power turning on a husky Roller Bearing Inner Race. The machine is the New Jones & Lamson 28" Fay Automatic Lathe.

A total of 98 POUNDS OF SAE 52100 STEEL is removed from the forging in only 8 MINUTES. Note the power requirements for the two 2-7/8" forming cuts at 330 SFM and .00375 Feed. The load created by the two carbide tipped form tools is IN EXCESS OF 100 HORSEPOWER!



YOU CANNOT COMPETE with production like this with machines less powerful, less rigid.
Jones & Lamson Lathes guarantee your investment.
***They anticipate* the future in metal turning.**
***They are built* with great reserves of ruggedness.**
***They are powered* to meet even more than today's requirements for the effective use of carbide tools.**
Let a Jones & Lamson engineer study your turning operations. He will be able to make recommendations that will improve your profit picture. He has for others.

JONES & LAMSON MACHINE COMPANY
Springfield, Vermont, U. S. A.

Manufacturer of: Universal Turret Lathes · Fay Automatic Lathes · Automatic Double-End Milling and Centering Machines · Automatic Thread Grinders · Optical Comparators · Automatic Opening Threading Dies and Chasers · Ground Thread Flat Rolling Dies



Jones & Lamson Lathes

ARE POWERED FOR CARBIDE

limit of human hearing. The analogy to ultraviolet is plain.

T. H. CHILTON

WILMINGTON, DEL.

Puerto Rican Markets

Sirs:

Your article on self-service for Puerto Rico [BW—Nov.22'47,p89] showed government-owned markets named PRACO. We agree that supermarkets are blooming in Puerto Rico; but let me also state that The American Market, a private enterprise, opened the first self-service in Puerto Rico in the heart of San Juan, on Mar. 1, 1940, and has up to date opened two others which are, as you say, ultra modern.

PRACO has established up to date approximately 12 markets scattered over the island. They have helped to stabilize prices, but cannot compete with privately owned markets, because of wages, rentals, and poor purchasing on the part of imported exports, who do not understand the customs and traits of the people of Puerto Rico.

They can compete by taking losses, which is not an educational program, not only for the consumer, but also for private enterprises.

Also let me state that any individual that wants to go in business in Puerto Rico on borrewed capital cannot afford to spend the exorbitant sum spent by PRACO in opening its market.

They not only retail, but also wholesale; and the wholesale division probably does not cooperate with the retail because they distribute their products to privately owned stores at a certain price, then their own PRACO markets undersell the wholesale price.

JOHN M. FAILLA

T. RIVERA & CO. S. EN C.,
SAN JUAN, P. R.

"Imperialism of Goodwill"

Sirs:

Your report [BW—Feb.21'48,p21] on Scio-Ohio Pottery Co.'s rebirth from a bed of twisted iron, machines, and buildings demonstrates to the world as to what makes America strong. Even more pronounced is the fine human relations that made this possible. It emphasizes to a superlative degree the latent characteristic for helpfulness that has shown itself in our wholehearted natural desire to see the whole world prosper with us. . . . That unsuppressable eagerness to enjoy living through giving. The complete freedom of the will to give to those we trust and respect rather than be commanded or forced to divide through fear. The attainment of the true brotherhood of mankind now awaits the acceptance of these tenets.

Our press has published during recent years thousands of instances where in-

dividuals, families, or communities have suddenly faced some tremendous loss through disaster. Then hundreds of persons or groups have immediately risen to the occasion. . . . Contributions have never been wanting and hundreds have gladly given aid. . . . This spirit is that which will dominate the world—call it imperialism, if you choose, but never forget it is the imperialism of goodwill.

It seems to me that your excellent job of reporting on American cooperative enterprise justified copies being distributed wherever possible in Europe, Latin America, and the Far East, as possibly those people will begin to understand Americans better.

C. B. Cook

VICE-PRESIDENT,
ELWELL-PARKER ELECTRIC CO.,
CLEVELAND, OHIO.

Tall Oil's Uses

Sirs:

I read with interest your item entitled "Linseed Oil Substitute" [BW—Feb. 14'48,p76]. In its discussion of the use of tall oil by the Germans during the war the impression is given that tall oil is useful as a substitute for linseed oil only in the manufacture of linoleum and surface coating.

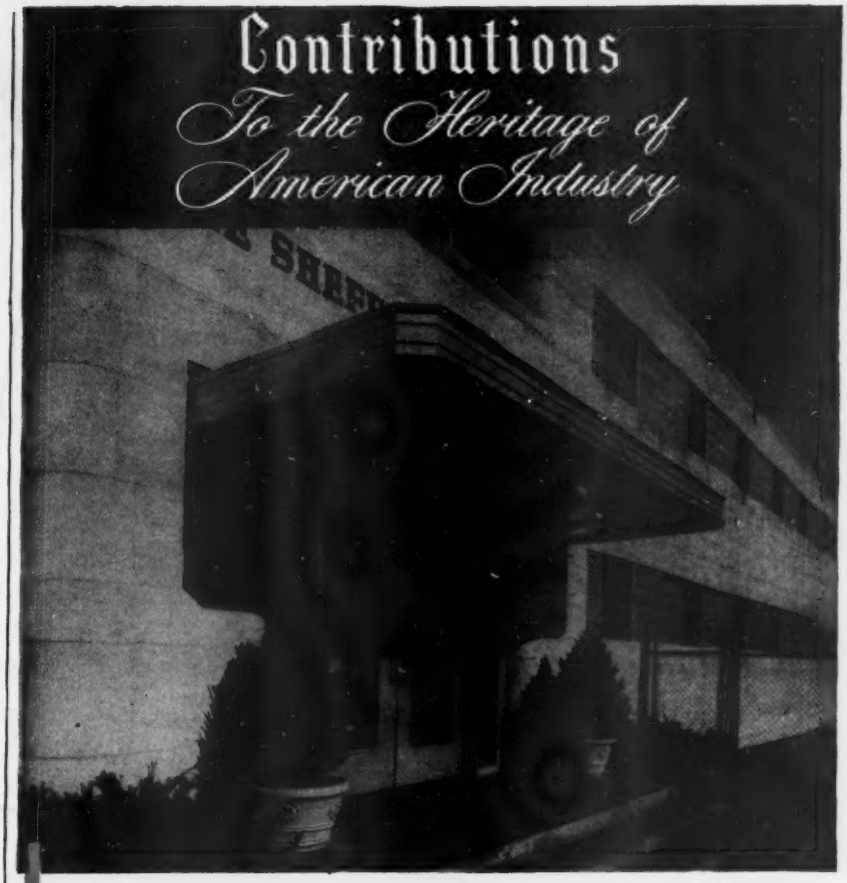
Tall oil is an inedible oil obtained from the pine wood used in making paper. Its chief components are fatty and rosin acids. Many uses have developed because of this mixture. Some of the many interesting applications and end uses for tall oil and its derivatives may be listed as follows: adhesives, asphalt emulsions, asphalt wetting agents, binders, boring oils, cement addition agents, cleansers, core oils, cutting oils, disinfectants, drawing oils, emulsifiers, factices, flotation reagents, fungicides, gloss oils, greases, grinding aids, linoleum, mold lubricants, oilcloth, paint driers, paint oils, paper sizes, penetrating oils, pigment wetting agents, plasticizers, polishes, printing inks, resins, rubber chemicals, cake soaps, chip soaps, dry cleaner soaps, laundry soaps, liquid soap, scrub soaps, soft soaps, textile soaps, soluble oils, sulfonated oils, textile oils, varnishes, waterproofing agents, and wetting agents. . . .

Although tall oil has only been recovered as a byproduct of the paper industry in this country from about 1930, it has already developed into an industry with an annual volume of about 120,000 tons.

I thought you would be interested in the American development of tall oil which has gone far beyond that of the Germans.

Dernell Every

SECRETARY-TREASURER,
TALL OIL ASSN.,
NEW YORK, N. Y.



THE *Successful Amputation*
of HUMAN ERROR

The chances are that ten men using the same micrometer to measure the same part will get at least eight different results, none of which might be correct. The human equation is hard to predict but human ingenuity has eliminated human error from precision inspection with amazing savings in time, expensive materials and, of course, manufacturing costs.

Here are a few examples: Shock absorber pistons are being automatically inspected and separated into five classifications at the rate of 3600 units per hour.

Piston rings are being automatically inspected for both gap and thickness at the rate of 2400 units per hour.

Cylinder bores, eight of them in a block, are checked simultaneously at four critical points and stamped for selective assembly at the rate of 60 blocks per hour.

Twelve dimensions of automotive pistons are checked in one quick gaging operation and automatically stamped for eight assembly classifications.

The human equation and human error cannot affect the results of these inspection operations because Sheffield engineers have successfully by-passed it. *It is wise and thrifty to specify Sheffield.*

the *Sheffield* corporation
Dayton 1, Ohio, U.S.A.

Gages, Measuring Instruments, Machine Tools, Contract Services and Threading Tools.

2938

Everybody is a Builder



The attractive Lester home facing Lester Road was built by Harley himself.

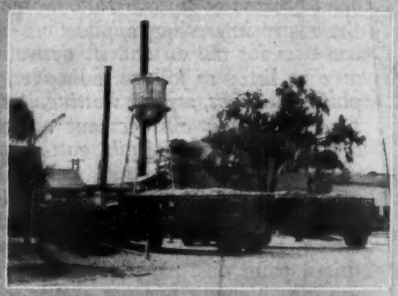
The will to build and grow has shaped the lives and fortunes of the Lesters of Orange County, Florida



1. IRRIGATING a Valencia grove with a lightweight portable system. Pipes in movable sections are quickly laid, shifted, by hand. Water comes from lakes or wells.



2. A BIG speed sprayer fans the trees with insecticide, also supplying minerals for nutrition—a new idea. Other Lester equipment: refill tank, 2 tractors, choppers, 3 trucks, trailer.



3. LOADED trucks coming in from Lester's groves. Harley sells his fruit to Plymouth Citrus Growers Association—believes in the state-wide organization of marketing activities.



7. HARLEY inspects the dairy dept. at Forest Lake Academy, where practical farming is part of the training. He's a member of the board, lectures on citrus growing.



8. HARLEY is ready with good advice—backed by plenty of experience—when Sons Elroy and Bud have problems. He's mighty happy the boys have stayed on the land.



9. THE LESTERS thoroughly enjoy the quiet and comfort of their roomy, well-furnished home. Success has not changed their preference for simple, wholesome pleasures.

on Lester Road!

Harley Lester, onetime carpenter, now prosperous grower, is by nature a builder. He started 27 years ago with the most meager capital. His present holdings—$75,000 in orange groves—he has built, literally, from the ground up. With his own hands he cleared the raw land of timber and thicket, budded and planted his trees, built a home.

All five of the Lester children, all college-trained, are inspired with the same constructive spirit. The three girls teach school, building character and principle in others with their earnest work of education. The boys are working small groves on their own, building independently, ably for the future, as their father did.

The full story of the self-reliant, resourceful Lesters goes to 2,300,000 families in the April issue of Country Gentleman. It is another in the continuing series of intimate, true pictures of Country Gentleman families who know how to make Good Farming mean Good Living.



4. ON THE pleasant enclosed porch, most of the family has gathered for a game of anagrams—Harley and Mrs. Lester, three granddaughters, Son "Bud" and his wife Vera.



5. MRS. LESTER enjoys working in her oversize, cabinet-lined kitchen. She's making drop cookies to bake in her electric range. Electric heater supplies hot water.



6. EVERYBODY in Bud Lester's family has a part in this musical session. Bud took courses in wood-working at college, built and finished his own big bungalow.

The best people in the Country

turn to Country Gentleman for Better Farming, Better Living



HOW TO KEEP PROSPECTS REMINDED



GIVE "AUTOPOINT" IMPRINTED PENCILS

These are just a few of the famous "Autopoint" Pencils with "GRIP-TITE" tips that won't let leads wobble, turn or fall out . . . the trouble-free writing tools acknowledged "best" of all mechanical pencils.

With your name or slogan imprinted, they are business gifts your prospects and customers won't soon forget. Beautifully styled, handsomely finished, there's an "Autopoint" Pencil at a price you can afford to pay. Send coupon for catalog and quantity prices.



Give Instant Action "Autopoint" Index



Press just one key and index flips back to alphabetical page on which to enter names, phone numbers, data, etc. 4" x 5" index cards can be withdrawn and replaced easily. 100 extra 3" x 5" memo sheets in base. Beautifully finished in walnut or black. With your name imprinted, it's bound to be a real sales booster.

Autopoint
TRADE MARK
BETTER PENCILS

Fit any Pocket . . . Every Pocketbook

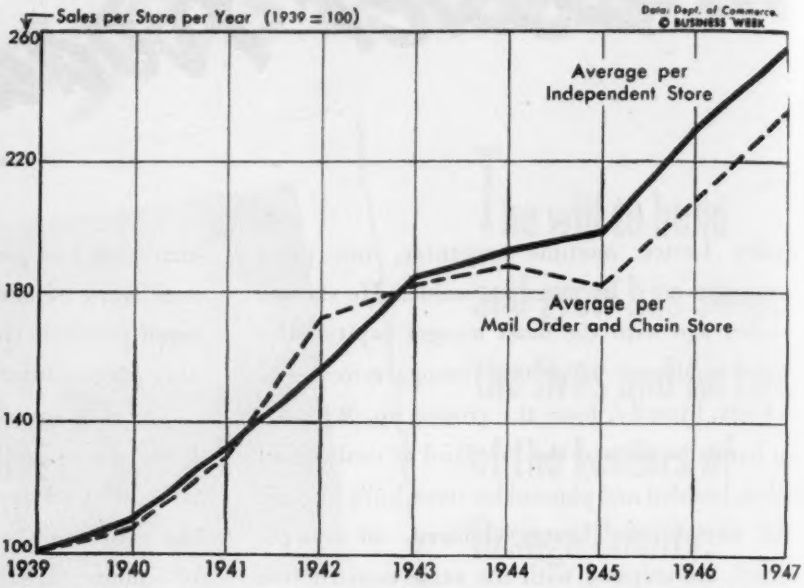
AUTOPOINT COMPANY, Dept. BW-4
1801 Foster Avenue, Chicago 40, Illinois

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AUTOPOINT COMPANY, Dept. BW-4
1801 Foster Ave., Chicago 40, Ill.
Please send me catalog and quantity prices on:
☐ "Autopoint" IMPRINTED PENCILS
☐ "Autopoint" Instant Action INDEX
☐ Have Salesman call

Name.....
Company Name.....
Street Address.....
City.....*Zone*.....*State*.....

MARKETING



Store Size at Alltime High

Sales of average retail store have more than doubled in nine years—from $23,748 to $59,740. Independent merchants grew fastest. But now the chains are catching up once more.

By and large, retailers weren't too happy over the Easter season this year (BW—Mar.27'48,p21). It was one of the rare glum spots that has appeared in nine unbroken years of high, wide, and handsome business.

• **The Bigtime**—The impact of these years on retailers has been startling. What was once a shaky trade, populated by thousands of under-capitalized establishments, is now in the bigtime. From latest Dept. of Commerce estimates the magnitude of the change can be roughly figured.

In 1939, for instance, the average independent store had only a $19,714 volume. Worse, over 54% of all U. S. stores had sales under $10,000.

Today, the average independent store's volume comes to $50,455—a jump of 155.9% since 1939.

For chains and mail-order stores, the rate of per-store growth has been almost as eye-popping. In 1939, the average mass-merchandise unit had sales of $77,668; in 1947 the figure was $183,866. The gain: 136.7% (chart).

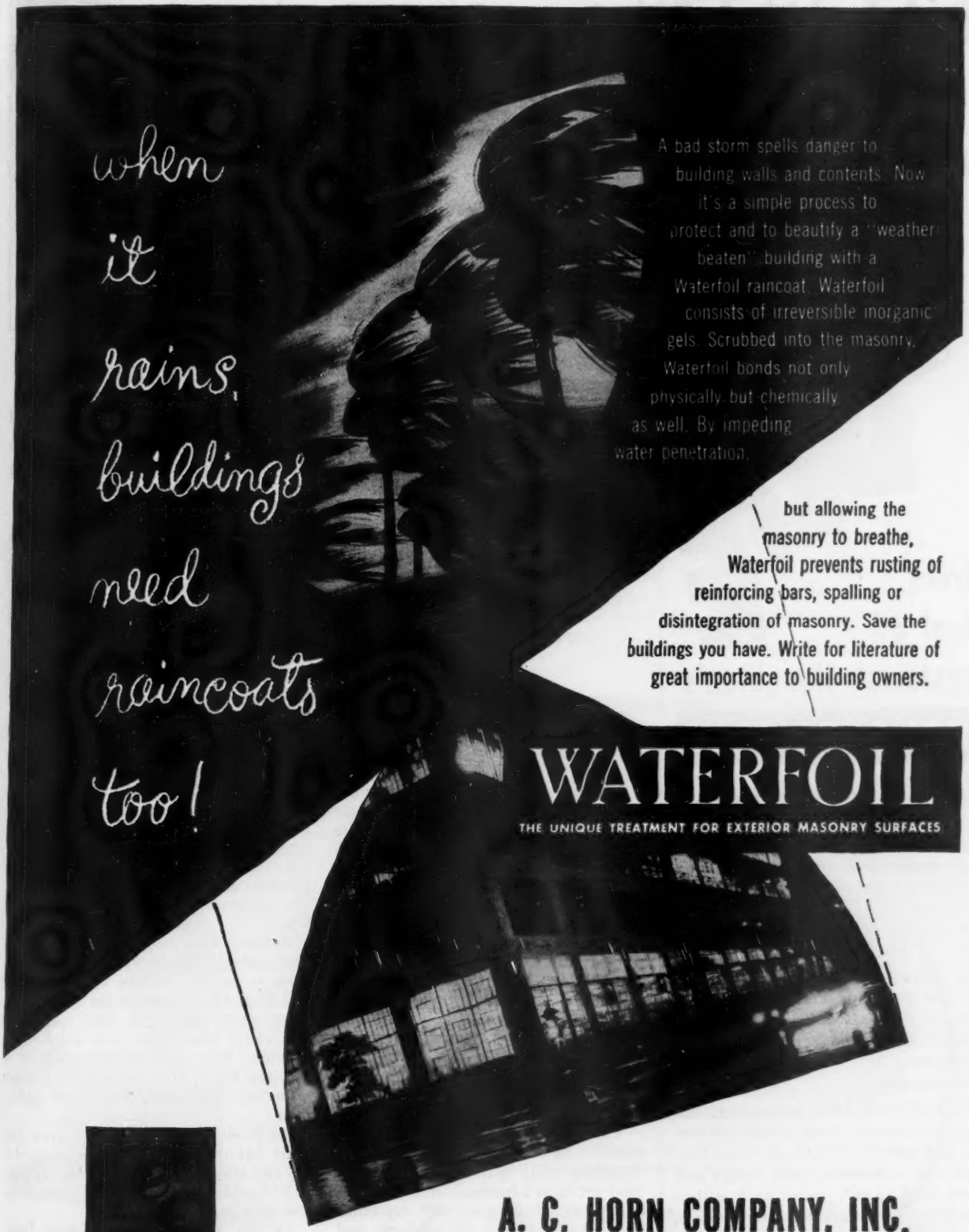
For chains, independents, and mail-order combined, average per-store volume in 1939 was $23,748; in 1947 it was $59,740—up 151.6%.

• **Reasons**—Behind these hefty figures—especially the huge gains by the independents—is, of course, the war and its aftermath. Despite an interlude of rationing and price-control, volume grew by leaps and bounds. Demand—backed by plenty of cash—was enormous. This not only helped the independents generally; they got two specific breaks besides:

(1) Housewives didn't do much "shopping around" while goods were scarce. They made friends with certain storekeepers, stuck to them. This helped the independents more than the chains.

(2) Scarcities started a rush toward national brands. When a consumer knew he could get only a few shirts or bottles of catchup, he wanted the best, bought advertised brands rather than private brands. And since independent stores are the traditional outlets for advertised brands, they got much of the benefit. (The trend toward national brands still has much steam in it, is forcing some chains to change tactics—page 66).

• **A Change**—Whether the independents will continue to grow during 1948, however, is a question. Lately the chains have started to recapture some of the market they lost during the war. Hence, any gains made this year could be entirely on the part of the bigsters, while



A. C. HORN COMPANY, INC.

manufacturers of materials for building maintenance and construction

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HOUSTON • CHICAGO • SAN FRANCISCO • TORONTO

REMOVE

SLUDGE

from fuel oil systems! Houghton's

HOUGHTO-SOLV

does it economically!

Here is an easy way to improve today's poor quality fuel oils. Houghton, long known as a maker of "fortified" lubricants, has developed a fuel oil additive for industry which takes sludge into solution rapidly and thoroughly.

No more expensive tank cleaning, for the sludge is dispersed, kept in permanent suspension, and completely burned. Filters and nozzles stay clean. More even heat results, reducing oil consumption.

HOUGHTO-SOLV is economical; use a gallon to each 4000 gallons of fuel oil, and note the difference in combustion and in freedom from sludge and soot. Sold in full drums or 5 gallon cans. For prices and full data, write—

E. F. HOUGHTON & CO.
303 W. Lehigh Ave.
Philadelphia 33, Penna.
Service and Sales in all principal cities

Average Sales Per Store by Retail Type

Type	1939	1947	Increase
Durable Goods			
Auto parts, accessories	$28,269	$56,299	99.2%
Building material, farm implements, hardware	34,483	79,789	131.4
Home appliances, furnishings, radios	32,810	80,533	145.5
Jewelry	24,837	80,852	225.5
Motor dealers	123,316	164,302	33.2
Nondurable Goods			
Apparel	30,467	77,997	156.0
Drug	25,244	57,856	129.2
Eating, drinking	11,523	36,250	214.6
Filling stations	11,670	26,542	76.0
General merchandise	71,985	192,619	167.6
Grocery	19,935	62,497	213.5
All other	21,029	44,442	111.3

the independents, on the whole, remain about as is.

Other significant retail statistics:

• Total retail sales last year are estimated by the Dept. of Commerce at $117.7-billion. In 1939 the figure was $42-billion.

• The estimated number of stores in the United States is now 1,970,600; in 1939 (last census year) there were 1,770,355.

• Most of the gain in store numbers has come via independent dealers. They added around 186,000 stores in the nine-year period since 1939; the chains probably didn't add more than 14,000 or 15,000.

NATIONAL BRANDS PUSHED

National brands got another big boost last week. Last fall the nation's third largest corporate food chain—Kroger—started a huge advertising and publicity campaign to plug national brands (BW—Oct.11'47,p62). Now the Independent Grocers Alliance—the biggest voluntary chain—will do likewise in a special two-week promotion effort starting Apr. 8.

I.G.A. is a voluntary association of 5,000 independent food retailers in all parts of the country. Like Kroger, it has a whole raft of private brands. Like Kroger, it has usually pushed these much harder than national brands. And again like Kroger, I.G.A. feels that housewives these days are more brand-conscious than they were before the war; hence the way to get business is to plug advertised brands.

The I.G.A. campaign will work like this: During the two-week period, I.G.A. members will feature national-brand food products advertised in Life. They will plaster their stores with reproductions of Life ads for the products, and with stickers on price tags and elsewhere saying "as advertised in Life." I.G.A. newspaper ads will carry the same "advertised in Life" theme, will feature national brands.

Sears Expands

Merchandiser has spent more than $130-million in two years, mostly on enlarging and improving retail outlets.

Ever since the mid-1930's, mass merchandisers have been working overtime to develop bigger and better stores. Their object: to boost individual store volume. They are no longer interested in building up their over-all volume by tacking on strings of small stores.

The trend is still going strong—and will grow stronger. More than ever mass retailers want to bring down their increasingly high costs by improving and enlarging stores, making them more attractive and efficient.

• **Disclosure**—That's one good reason why the trade sat up and took notice last week when Sears, Roebuck & Co. issued its annual report to stockholders. For the first time, Sears divulged some concrete data on its big postwar expansion program, until now under close wraps.

Retailers have watched the mail-order-retail colossus closely over the past two years as its sales volume zoomed from $1-billion to a shade under $2-billion. They knew, of course, that much of this came from a swollen mail-order business. But they also knew that it reflected Sears' drive to build new and improved stores, and refurbish its older ones.

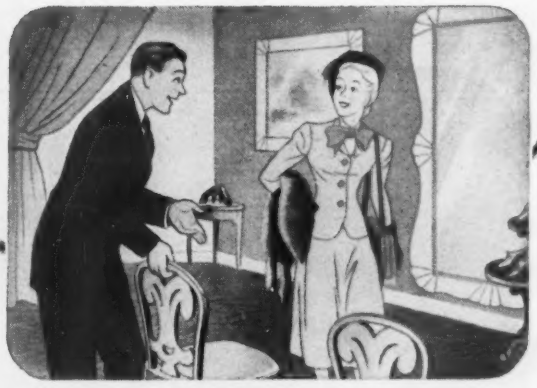
• **Big Strides**—The report shows how far Sears has moved in this direction: In the two years up to Feb. 1, 1948, it put $130.6-million into property expansion and improvement.

Of this, $97.1-million had gone into retail stores (land, buildings, alterations, service stations, parking lot improvements, furniture, and fixtures). Twenty-one new stores, 32 relocated and enlarged stores were built; major additions to 18

WHAT WON'T THEY DO NEXT WITH *Business Films!*

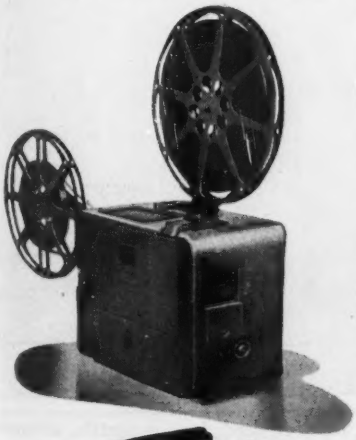


STAR SALES TRAINER is "Easy," cartoon character in a motion picture used successfully by *Stokely-Van Camp, Inc.*, to prepare retail grocery personnel for "Stokely Week" sales. Other bright stars in this food packers' promotional campaign are 12 Bell & Howell Filmosounds which have already provided theater-quality presentations of the film to more than 14,000 people.



COURTEOUS EMPLOYEES enhance the nationwide reputation of *Marshall Field & Company's* Chicago department store, thanks in part to a clever training film. Made for Field's own use, the movie proved so effective that many other firms bought duplicates. Connoisseurs of quality, Fields chose the quality projector—Filmosound—to present this and other training films.

THINK WHAT YOU COULD DO with a commercial film . . . the business-building story *you* could tell, thanks to the almost limitless scope of a sound movie. Capable film producers are near you, ready to help you weigh the possibilities. Write us for their names.



BELL & HOWELL COMPANY, 7116 McCormick Road, Chicago 45. Branches in New York, Hollywood, Washington, D.C., and London.

FINE PROJECTORS are a "must" if your film is to be fully successful. And the finest 16mm sound film projector, most commercial film users agree, is the . . .

Filmosound



SALES BOOSTERS for *Parker Pen Company* are the convincing sales presentations made by retail clerks since Parker instructors began training with motion pictures. Two films on product education and two general sales training films are being shown to groups of clerks throughout U.S.A. with excellent results. Parker's 11 three-year old Filmosounds are giving A1 service in this arduous road-show merchandising program.

Precision-Made by

Bell & Howell

Since 1907 the Largest Manufacturer of Professional Motion Picture Equipment for Hollywood and the World

In direct mail Selling...

EAGLE-A PAPERS

"paper makes a difference!"



Direct mail letters reach a selected audience — but their message must be attractively presented to gain and hold reader interest. It is here that "paper makes a difference."

EAGLE-A TROJAN BOND

is exceptionally suited to direct mail "letters that sell." Economical to use for mass mailings, it lifts such letters out of the ordinary. Specify Eagle-A Trojan Bond, 25% cotton content — cockle or smooth-vellum finish — to assure a fine appearance which repeated tests in sales letters have proven productive.

Companion grades of 25% cotton content are Eagle-A Trojan Onion Skin and Eagle-A Trojan Record.

Write for Eagle-A Trojan Bond sample portfolio.

EAGLE-A PAPERS

AMERICAN WRITING PAPER CORPORATION • HOLYOKE MASSACHUSETTS

existing stores were completed. Sears now has 625 retail stores, compared with 604 in 1945.

• **Other Improvements**—The company spent another $23.3-million on additions to seven mail-order warehouses, and on construction of a new one at Greensboro, N. C. There are now 11 mail-order plants serving Sears' catalog customers.

Addition to its wholly owned manufacturing plants cost Sears about $10-million. This included additions to three of the largest company-owned factories—the Bradley (Ill.) farm implement plant, the Newark (Ohio) Stove Co., and the Rundle Mfg. Co. of Milwaukee. It also included a large new wood-working plant at Jackson, Miss., and additions to the Pacific Paint & Varnish Co., at Berkeley, Calif.

• **No Outside Help**—To finance the property expansion, Sears used $43.5-million it received from the sale of store properties to insurance companies and other institutions (BW—Jan.4'47, p48). Cash reserves and earnings covered the remainder of the program, as well as a $169-million increase in inventories that was built up over the two years.

Sears had to do no new financing to carry its increased business. And the company plans to continue this policy. It is confident that working capital (now $330-million), reserves, and pros-



ELEVATOR IN VOGUE

At Best's Apparel, Inc., in Seattle, elevators do an extracurricular selling job. Dressed up with covers of fashion magazines, they keep the store's women customers posted on the latest thing in vogue—and prod them on to buying same.

How to get prompt delivery on sheet metal products:

1. FURNISH THE STEEL

If you can supply us with 12 to 24 gauge sheet steel, we will buy the steel from you and ship pound for pound . . .

EITHER

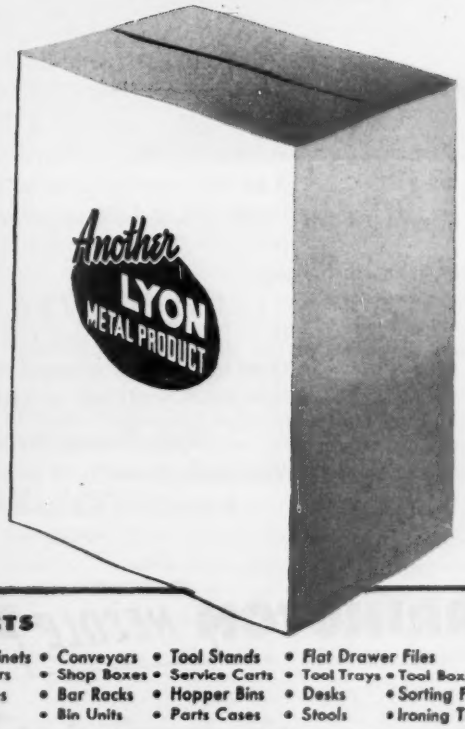
. . . LYON standard products—any selection of items in production (see partial list below)—at regular published prices . . .

OR

. . . your own assemblies, subassemblies, parts, etc., for your product—to your specifications—in an even wider range of gauges—8 to 30.

LYON

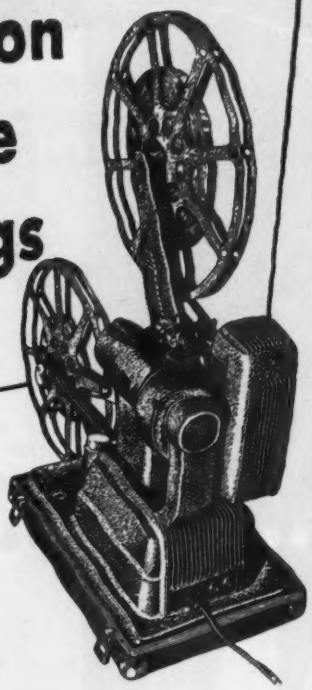
2. WILL MAKE THE PRODUCT



A PARTIAL LIST OF LYON PRODUCTS

- Shelving
- Lockers
- Wood Working Benches
- Economy Locker Racks
- Kitchen Cabinets
- Display Equipment
- Hanging Cabinets
- Welding Benches
- Filing Cabinets
- Cabinet Benches
- Folding Chairs
- Drawing Tables
- Storage Cabinets
- Bench Drawers
- Work Benches
- Drawer Units
- Conveyors
- Shop Boxes
- Bar Racks
- Bin Units
- Tool Stands
- Service Carts
- Hopper Bins
- Parts Cases
- Flat Drawer Files
- Tool Trays
- Desks
- Stools
- Tool Boxes
- Sorting Files
- Ironing Tables

Feature Torrington Needle Bearings



Torrington Needle Bearings in film reel, take-up spindle, sprocket drive mechanism, and extension reel spindle and pulley contribute to the smooth operation of the Revere sound projector, model SP16.



SMOOTH, POSITIVE OPERATION, compact design, lasting lubrication . . . these are only a few of the performance features of Torrington Needle Bearings in many modern machines like the Revere Projector illustrated.

Though you may never see the bearings, you *will* be seeing more and more of their advantages... in home appliances, shop tools, industrial products. And you can be *sure* of superior performance, longer life and lower power requirements in the products "Equipped with Torrington Needle Bearings".

Look for the use of Needle Bearings when you buy . . . and it will pay you to feature the advantages of these efficient and low-cost bearings in the equipment you build and sell.

THE TORRINGTON COMPANY

Torrington, Conn. • *South Bend 21, Ind.*

District Offices and Distributors in Principal Cities

TORRINGTON NEEDLE BEARINGS

Needle • Spherical Roller • Straight Roller • Tapered Roller • Ball • Needle Rollers

pective earnings will take care of the expansion program and future inventories' costs.

Sears is still keeping its lip buttoned on future expansion plans. Board chairman Robert E. Wood recently said that the company would spend between $40-million and $50-million on expansion this year. He hasn't amplified this statement since. It is also known that the company is building more warehouse space—but where and how much it won't say.

• **Latin America**—Sears did reveal for the first time, however, the amount of its investment—though not the sales—for its Latin American stores. Investment in land, buildings, inventories, and equipment now totals $7.2-million. The retail store in Havana was opened in 1942, enlarged in 1947; the Mexico City store opened for business a year ago.

Sears is expanding its Latin American operation: Its new stores at Rio de Janeiro and Sao Paulo, Brazil, will be completed next year. And it has bought land for the erection of another new store at Caracas, Venezuela (BW—Jan. 17'48,p47).

• **The Figures**—Sears' net sales in 1947 ($1,981,500,000) were 23% ahead of 1946; its earnings after taxes totaled $107.7-million, equal to $4.56 per common share. This compares with $100-million, or $4.24, in 1946.

Shortages of goods during the year forced the company to return to catalog customers $135-million in orders it was unable to fill. But this was an improvement over last year's $255-million.

Since the war, Sears' policy has been to sell hard lines and other short-supply goods through its retail stores, leave them out of the catalog. Sears merchandisers now hope that refrigerators, washing machines, electric ranges, and the like will be plentiful enough for inclusion in the big general fall and winter catalog, which will go out in July.

Department Store Sales Are Up—So Are Costs

The dollar volume of department store sales is higher than ever, but profits aren't. Despite all the efforts to modernize and streamline store operations since the war, costs continue to rise. Result: The ratio of profits to sales is dropping—badly.

• **Dollar Volume Up**—The trend was pointed up last week by the annual report of the National Retail Dry Goods Assn.'s Controllers' Congress. It covered the 1946 and 1947 operations of 204 specialty and independent department stores; 182 of these stores do a

If billiards is your hobby...



The cue must be just right for you. The table perfectly cushioned.

You find your game improves when you use the equipment that suits you best!

If typing were your job...



You'd use the best-all-around typewriter on the market—the Royal.

So why not improve your secretaries' work by supplying them with the best typing equipment. Get them Royals—the typewriters preferred by typists everywhere.



Preferences For Royal Far Out In Front

1. **Popularity!** Just see how Royal rates with secretaries and typists. A national survey shows that the preference for Royals equals the combined preference for the next three leading typewriters. Your typists will do *more* work, *better* work on machines they prefer using.
2. **Royal efficiency!** There are work-saving, time-saving features on a Royal not found on any other typewriter. That's why Royals are preferred. That's why they result in higher production per machine!
3. **Royal durability!** These typewriters are *really* sturdy. Royals stand up . . . spend more time on the job, less time out for repairs. With Royal, you get the maximum return for your typewriter investment!

ROYAL—*World's No. 1 Typewriter*

REPLACE WORN WINDOW SASH WITH

PC Glass Blocks

THE MARK OF A MODERN BUILDING





In plants where high acid atmospheres and excessive humidity are encountered, ordinary wood and metal window sash need frequent painting, repairs and maintenance. With PC Glass Blocks, there is no sash to rot or corrode. You get better lighting, better insulation—and save money too—when you replace worn sash with PC Glass Blocks.

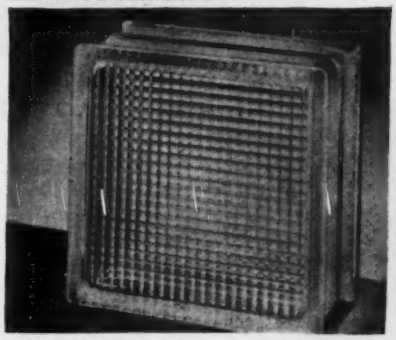
NOW you can improve operating conditions in your plant—and reduce operating costs—by replacing worn window sash with PC Glass Blocks. The blocks are available for prompt delivery. They can be installed at once, no waiting for hard-to-get metal.

Lighting panels of PC Glass Blocks distribute natural daylight over large working areas, prevent infiltration of harmful dust and grit. Their insulation value cuts heating and air-conditioning costs, minimizes condensation.

Glass Block panels need no paint. They rarely need repairs or replacement, are easily kept sparkling clean. Savings in maintenance costs add up to important money over the years.

Whether you are planning sash replacement or new construction, you will need complete information on PC Glass Blocks. It is available in our new booklet. Send the coupon for your *free* copy—*today*.

Pittsburgh Corning Corporation also makes PC Foamglas Insulation.



PITTSBURGH PC CORNING

FOR FURTHER INFORMATION SEE OUR INSERTS IN SWEET'S CATALOGS.

GLASS BLOCKS

Distributed by PITTSBURGH PLATE GLASS COMPANY by W. P. Fuller & Co. on the Pacific Coast and by Hobbs Glass Ltd. in Canada

Pittsburgh Corning Corporation
Room 981-B, 632 Duquesne Way
Pittsburgh 22, Pa.

Please send along my free copy of your booklet on the use of PC Glass Blocks in Industrial Buildings. It is understood that I incur no obligation.

Name_____

Address_____

City_____ State_____

business that comes to more than $1-million a year.

On the bright side were the over-all dollar figures: The sales of the 204 stores totaled more than $2.2-billion last year, $83.2-million better than 1946. The average gross sale increased, too; from $4.16 to $4.46, for the over-$1-million group.

• **Expenses Up**—But so did the cost of doing business. For the larger stores, the total operating expense per transaction went up from $1.17 to $1.35, selling expense from 36¢ to 44¢. This reflected increases right down the line, in the cost of administration, occupancy, publicity, payrolls, etc.

Upshot of all this was a drop of 21% in the ratio of net profits to sales. Total profits after taxes declined from 5.2% of sales in 1946, to 4.1% of sales in 1947.

Here are some specific worries which trouble store managers:

Unit sales are off, even though the average sale has increased in value. Last year the larger stores in the group had 5% less unit transactions than the year before. Average number of transactions for each sales person dropped from 7,297 to 6,729.

Average inventory for 1947 was 14% higher than that of 1946. Stock turned over 4.4 times last year as compared with 4.8 times the year before.

Markdowns have increased, from an average of 6.2% on sales in 1946 to 7.2% last year.



ADS ON THE BASKET

"Catch them while they are shopping" is the theme behind the advertising signs on this supermarket pushcart basket. Story F. Chappel had the idea; a former advertising man, he couldn't see the ad-free surface go to waste. Now he has set up offices in New York City and is working for coast-to-coast franchises in self-service chains. Through his Basket Advertising, Inc., he plans to sell space on the baskets to advertisers—with charges worked out on a formula similar to that used in transit-card advertising.

Music Drive On

Survey spurs instrument industry's sales campaign; contradicts belief that radios, record-players hurt their market.

How can the music industry get more people to buy musical instruments?

Manufacturers and retailers of pianos and other instruments have enviously watched booming radio and radio-phonograph sales since prewar days. The market for musical instruments has never revived from the depression lows, when sales plummeted from the peak of the mid-20's, and stayed down.

• **Doing Something**—Last year the industry organized to get sales up again. First move was to form the American Music Conference to encourage greater musical activity among all classes and types of people. The result hoped for: more instrument players, hence bigger instrument sales (BW—Jun.14'47,p20). The cost of the program is being prorated among the different groups in the music industry.

Then A.M.C. got to work on a survey of public interest in music.

• **Guide**—Last week it published the results. The survey, on a sampling basis, was made for the A.M.C. by A. S. Bennett & Associates, New York. It covered 4,537 families (and 15,566 persons) in 74 cities, towns, and rural areas. The findings will guide the industry on its promotion campaign.

Significant facts it turned up:

Some 95% of all families interviewed think that every child should have a chance to find out whether he is interested in learning to play a musical instrument.

Some 85% think that classes in musical instrument playing should be part of the public school curriculum—like cooking, manual training, or physical education—and paid for out of tax-supported school funds.

Only 20% of the people who now play an instrument had lessons at school. Over 50% of those who play wind instruments, usually in a school band, took lessons at school; but only 3.5% of those who have studied piano had school instruction.

Only one of eight people now play a musical instrument. One out of four learned to play at some time, but have since given it up.

• **Good Listeners, Good Players**—One finding apparently scotched the bogey that radio and record sales have hurt the instrument business. The survey showed that the more radios a family owns, the more hours its members spend in listening to the radio; the more records it owns, the more likely it is to

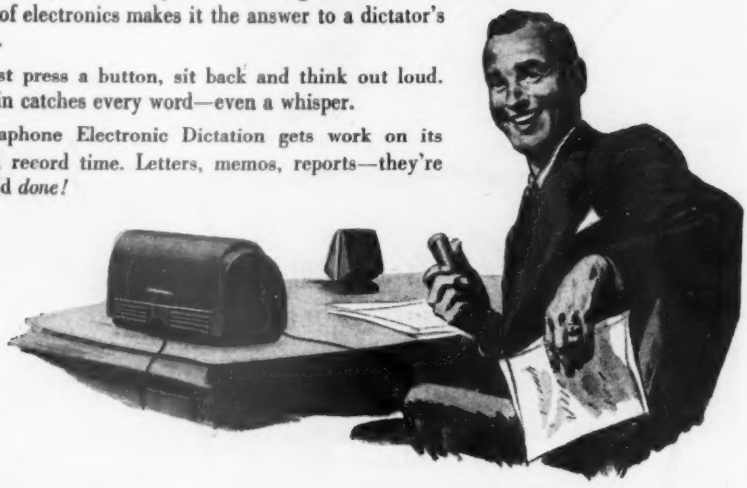


What are these sitters saying about the Dictaphone Twins?

"My twin hears everything!" Indispensable is the word for my new Dictaphone Dictating Machine. The magic of electronics makes it the answer to a dictator's prayer.

I just press a button, sit back and think out loud. My twin catches every word—even a whisper.

Dictaphone Electronic Dictation gets work on its way in record time. Letters, memos, reports—they're said and *done!*



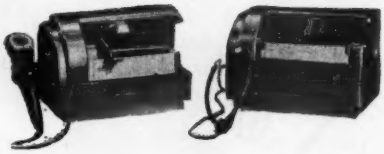
"My twin repeats everything!" The sweetest little transcriber that ever sat on a secretary's desk. Clear-talking electronic twin of my boss's new dictating machine, it echoes his voice so clearly that transcribing is as easy as listening.

There are radio-like dials to control volume, tone and speed. A new, whisper-light head-set doesn't even touch my hair-do. My Dictaphone electronic transcriber was designed just for me—to speed and ease my work.



The Dictaphone Twins

For an eye-opening, ear-opening demonstration, call your local Dictaphone Representative. For descriptive literature use the coupon below.



Dictaphone Corporation, Department F-4
420 Lexington Ave., New York 17, N. Y.

☐ Please send literature on Dictaphone Twins
☐ Please call for appointment to demonstrate.

Name_____

Company_____

Address_____

City_____ State_____

DICTAPHONE

Electronic Dictation

The word DICTAPHONE is the registered trademark of Dictaphone Corporation, makers of Electronic dictating machines and other sound-recording and reproducing equipment bearing said trade-mark.

own and play musical instruments. On 18.5% of non-radio homes and 33 of one-radio homes own a musical instrument, but 80% of families owning five or more radios also own musical instruments.

More children between the ages of 10-14 play instruments than any other age group; 36.9% of girls and 22.7% of boys between these ages play. By instruments, the figures break down as follows: piano, 70%; bowed string instruments 4.4%; fretted string 4.2%; wind instruments, 6.8%. The average child now plays five years before stopping. Half of the former players stopped because they were too busy; 28.7% said they quit because they lost interest in playing.

On the basis of its findings, A.M.C. estimates that if 10% more school children start playing, the market for music instruments would then be expanded by 27%.

• **Target: Schools**—So the major objective of the A.M.C. promotion program will be to get more music education into the public school systems on a tax-supported basis. To bring this about, the organization and industry members will work through local civic and social groups, as well as by national publicity. It will try to sell both the public and school administration officials the idea that music education belongs in the public school curriculum.

A second objective aims at the adult market. The association will encourage community music activities to get former players interested in playing again. One means will be evening classes for adults.

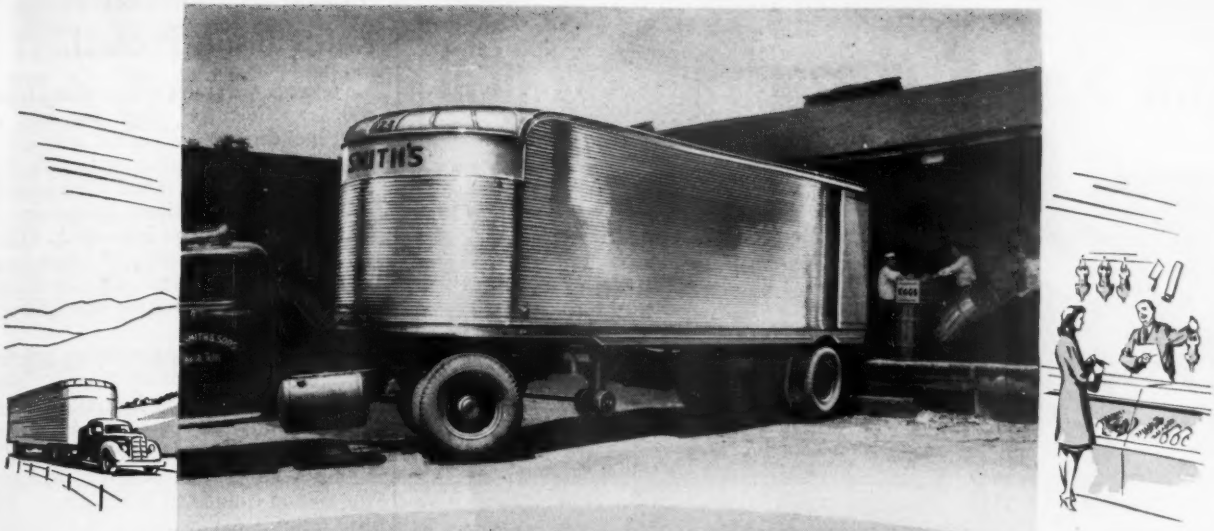
• **Sponsors**—Sponsoring groups for the A.M.C. are: National Assn. of Music Merchants; Band Instrument Manufacturers Assn.; National Assn. of Musical Merchandise Manufacturers; National Assn. of Musical Merchandise Wholesalers; National Piano Manufacturers Assn.

EARLY MORNING LIGHTUP

Billboard advertisers in Michigan are going to get a bonus. Walker & Co., Michigan outdoor advertising company, under its 1948-49 contracts will light its signboards in the early morning period from 6 a.m. until daylight. This is in addition to the usual evening lightup (dusk to midnight).

The extra period of illumination—at no extra charge—will reach the thousands of industrial workers who go to their jobs in the dark during the winter. To set up the service, Walker had to install new timing devices in the lighting systems, extend its patrol service.

The move may take some of the sting out of next winter's rate increases—space costs will rise 2.7%.



FRUEHAUFS HUSTLE Tennessee Hens to Gotham Kitchens!

Chickens which scratched the good earth of a Tennessee hill-side farm on Wednesday often swim in golden brown gravy in New York kitchens the following Sunday. They take a long trip in a hurry in Fruehauf Stainless Steel Refrigerated Trailers!

Although there are a great many steps in moving hens from White County farms to New York dinner tables, J. M. Smith & Sons, Sparta, Tennessee, have adopted the most modern methods.

Early Wednesday morning, trucks start gathering live birds from the farms, bringing their loads back to Smith Produce Company by early afternoon. Thursday morning, several thousand hens and fryers go down the dressing line. By evening, the plucked birds are in iced barrels and loaded into insulated Stainless Steel Fruehauf Trailers.

Trailers Haul Big Loads!

On to New York they roll, as many as 7,000 birds in each Trailer—via Virginia, Washington, Maryland, Delaware and New Jersey. In hardly more than a 24-hour run this choice Tennessee poultry goes on sale in New York markets for Saturday's over-the-counter trade.

Couple Your Trucks to Trailers!

Here again Fruehauf Trailers serve another important American industry. Perhaps in your business of moving produce, raw materials or finished manufactured goods, Trailers can help speed deliveries. Your nearest Fruehauf man will gladly explain the cost-cutting advantages of the Trailer method.



DO HEAVY VEHICLES DAMAGE OUR ROADS?

Highway engineers state that heat, rain and frost are the major enemies of our highways — *not* the traffic the highways carry.

ONLY FRUEHAUF BUILDS STAINLESS STEEL TRAILERS

World's Largest Builders of Truck-Trailers

FRUEHAUF TRAILER CO. • DETROIT 32

74 Factory Service Branches

PLAIN HORSE SENSE — YOU CAN PULL FAR MORE THAN YOU CAN CARRY!

FRUEHAUF TRAILERS "ENGINEERED TRANSPORTATION"

More *Silent* than a speck of Dirt



How *silent* can a motor be? R.C.A. engineers found out. In exacting tests of leading makes, Robbins & Myers hysteresis motors proved the quietest of all—*so noiseless* that were a grain of dirt to find its way into a bearing, the rattle of this *minute particle* rolling around would be heard above the motor.

RIGHT—RIGHT DOWN THE LINE

If the products you build need the hush of *super-quiet* power; an unvarying flow of *ultra-constant* torque; nimble, split-second acceleration—or *any other* extremes of fine motor performance—you'll find Robbins & Myers ready with the kind of cooperation that only *success* makes possible. Whatever your powering problems, R & M experience and objective engineering are *shortcuts* to motor satisfaction—in design, application, long service. There couldn't be a better time than *now* to call in R & M.

quiet-room tests put R & M motors on R. C. A. recording machines



ROBBINS & MYERS • INC.

SPRINGFIELD 99, OHIO • BRANTFORD, ONTARIO

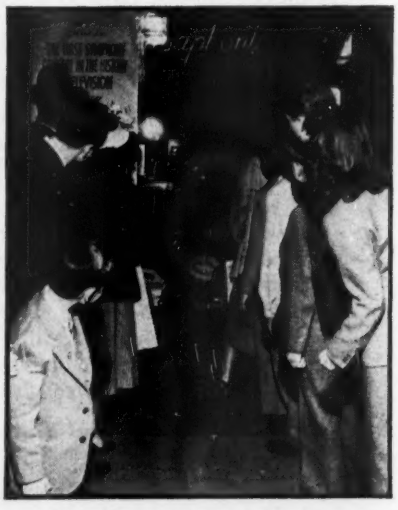
MOTORS • HOISTS • CRANES • FANS • MOYNO PUMPS

Vidéo Transmission Rates Bring Protest

Network television will graduate from the "experimental" stage the first of next month; that's when the new intercity transmission rates filed with the Federal Communications Commission this week by American Telephone & Telegraph Co. will go into effect. Heretofore, television broadcasters have used A.T.&T.'s relay facilities without charge because video networking was still experimental.

• **New Rate**—The new monthly rate for a video channel linking Boston, New York, Philadelphia, Baltimore, and Washington will be $35 per airline mile; there will also be a charge of $500 monthly for each transmitting or receiving station connected to the circuit. For this fee, A.T.&T. will provide eight consecutive hours of transmission time daily.

Televisers think the rates are too high. They point out that the new rates cover only picture transmission. Sound to accompany the picture must go separately over A.T.&T. facilities—at a charge varying from $6 to $8 per mile per month (for 16 hours of daily broadcasting.) Added to this is the local charge for piping sight and sound from



TELEVISION MILESTONE

Sidewalk video watchers outside a Philadelphia music store—along with the people who could afford their own sets—had something new to look at recently: a view of the Philadelphia Symphony Orchestra, directed by Eugene Ormandy. The one-hour program, blessed by James Caesar Petrillo, marked another milestone for the fledgling industry. It was televised by Columbia Broadcasting System and Philadelphia's WCAU-TV. National Broadcasting Co., an hour and a half later, televised Arturo Toscanini conducting the NBC Symphony in New York.

A.T.&T.'s terminal equipment to the station in the receiving city.

• **Criticism**—Sample comment on the new rates (by Lawrence Phillips, director of the DuMont Television Network): "It seems regrettable that full recognition was not given to the present embryonic state of the industry, the relatively small number of receivers outside the New York area, and the inability of A.T.&T. to give service on an adequate basis if all networks require the desirable time for transmission."

New Company Delivers Customers to Stores

Most delivery businesses are built on the idea of taking a store's merchandise to customers. But National Introductions, Inc., works in reverse: The company delivers new customers to the stores.

It's been guiding new residents to stores in four Buffalo (N. Y.) suburbs since October, 1947. It spread out later to Rochester, N. Y., and Miami, Fla. This week National was setting up its scheme in Indianapolis, Ind., and Erie, Pa.

• **How It Works**—The plan, started by Stewart Gishler, a Buffalo-area insurance man, is similar in some respects to the operation of Welcome Wagon, Inc. (BW—Jul.18'42,p68). But National Introductions has some new tricks. Newcomers to an area in which it operates get a round-the-town trip by cab, stopping at a department store, furniture shop, butcher shop, bakery, dairy bar, shoe store, garage, bank, and several other establishments.

At many of the stops the participant receives a small gift or favor, and a sales spiel from the store operator. The real clincher, however, is a discount book which entitles the newcomer to 10% off during the next three months on purchases made at the places visited.

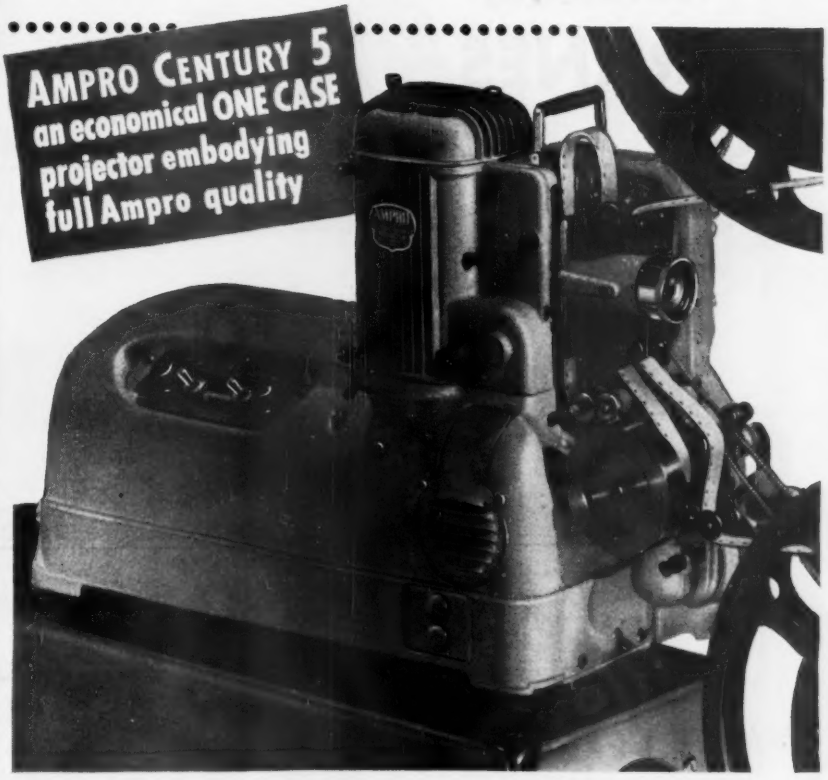
Gishler gives exclusive representation to each business that uses the plan. He charges a fee based on: (1) the number of exclusive services each store wants to push; (2) the number of newcomers National's conducted tour brings into the store; and (3) whether or not the store provides a gift.

• **New Idea**—Although National specializes in newcomers to the vicinity, it also caters to "new homemakers" living in the area.

Another plan, which Gishler hopes to inaugurate soon, will welcome new babies. He will employ trained nurses to visit the new mother in a white uniform and do a few things to help out. Merchants who subscribe to this plan will include a dairy, a baby-furniture store, a baby-clothing store, and a drug store.

16mm. sound motion pictures—

help your business in 3 basic ways



❶ employee training ❷ sales demonstration ❸ consumer education



Tests prove people understand quicker, understand more and remember longer when they *see* and *hear* it on the screen. That's why alert business men use 16mm. sound films to develop skills, encourage company loyalty and demonstrate products and processes dramatically. And that's why, today, thousands of Ampro sound projectors are delivering *consistently* excellent performances for leading industrial concerns all over the world.

The *Ampro "Century 5"* sound projector has been especially designed for commercial use—for training or demonstrating to groups of 100 or less. It is a compact, one-case unit. It is an exceptionally *quiet-running projector.* Ampro quality is maintained in every detail, but all features not needed for its special purpose have been eliminated. That means real economy—and a price within the range of every budget. Before deciding on a 16mm. sound projector—be sure to see a demonstration of the Ampro "Century 5."

THE AMPRO CORPORATION • Chicago 18, Ill.
A General Precision Equipment Corporation Subsidiary
In Canada: Telephoto Industries Limited, 1195 Bay Street, Toronto



Send for FREE Circular

On Ampro "Century 5" 16 mm. Sound Projector giving full specifications and prices. If you are interested in sound motion pictures send 10¢ for 16-page booklet, "The Amazing Story of Sound Motion Pictures." It dramatically illustrates the various steps in the recording and reproducing of sound on film.

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PRECISION CINE EQUIPMENT



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16mm. Silent Projector. A rugged dependable machine with an enviable record of performance in thousands of homes, churches, clubs and schools all over the world.

Trade Mark Reg. U. S. Pat. Off.



AMPROSLIDE PROJECTOR MODEL "30-D"
for filmstrips and 2" x 2" slides. Offers extra brilliant illumination — split-second interchangeability.

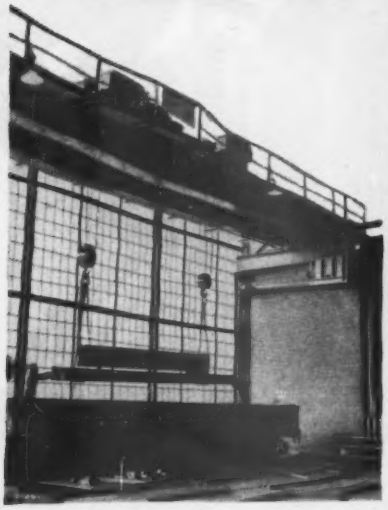
AMPRO CORPORATION
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Please send me free circular giving full details about the Ampro "Century 5" 16mm. Sound Projector.
I enclose 10¢ ☐ for a copy of the illustrated booklet, "The Amazing Story of Sound Motion Pictures."
I am also interested in:
☐ Ampro "Imperial" 16mm. Silent Projector
☐ Amproslide Projector Model "30-D"

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Address .....
City ..... State.....

NORTHERN

OVERHEAD
ELECTRIC
TRAVELLING

CRANES

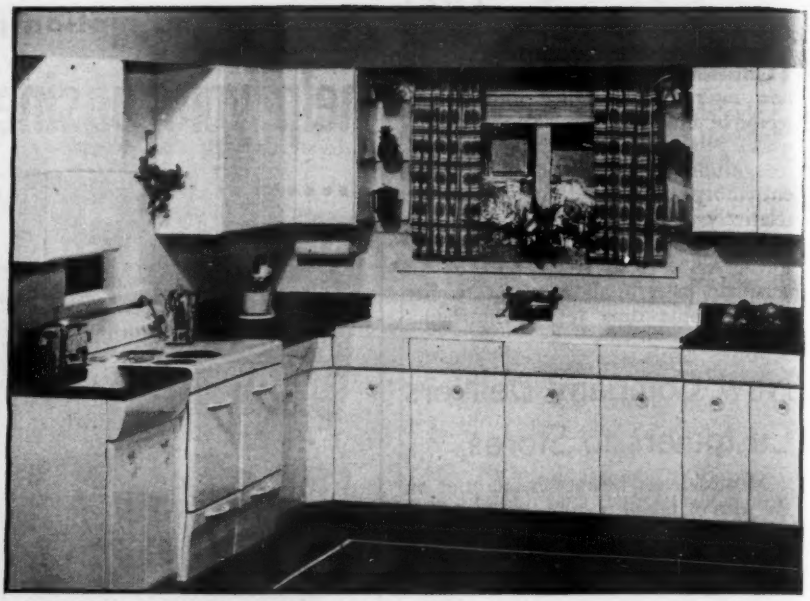


CUT COSTS WHERE COSTS START

Handling costs start to pyramid when material enters your plant. NORTHERN OVERHEAD ELECTRIC CRANES give material flow a fast start from receiving to processing—set the pace for faster production, and faster inventory turnover—start cutting costs where costs start.

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LET US SEND CATALOG
on Northern Overhead Cranes—Hi-Lift Electric Hoists—Travelators—and other Northern material handling equipment.

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ENGINEERING WORKS
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AMERICAN CENTRAL KITCHENS will get a vigorous promotional nudge

Kitchen Makers Plan for Future

Mullins Mfg. takes steps to prevent dealers from making tie-in sales. American Central steps up promotion.

A buyer's market in modern kitchen sinks and cabinets is still a long way off. Most manufacturers got a late start on them after the war ended; lack of steel since then has kept production below demand.

Even so, kitchen sink manufacturers are now facing two problems:

(1) They believe that they must prepare their own booming industry for the time when the market turns.

(2) Some of them are finding that their dealers are using hard-to-find kitchen sinks and cabinets as tie-ins to help sell other lagging home appliances.

• **Embarrassment**—Problem No. 2 embarrasses the sink and cabinet makers; they think that it is building consumer ill will. But it's hard for them to control because of the patchwork design of their distribution systems. They have few exclusive distributors and most of their dealers sell someone else's refrigerators, stoves, or other appliances.

Last week Mullins Mfg. Co. of Warren, Ohio, maker of Youngstown kitchens, issued an edict to its franchised distributors. It warned them that they would be dropped if their dealers were caught using Youngstown kitchen sinks as tie-ins with other merchandise.

So far Mullins hasn't pulled any franchises. Nor does it know if the distributors have disciplined any dealers; none of the 62 distributors or distribution branch has reported back as yet.

• **Preparation**—Mullins has actually been preparing for the return of the buyer's market for some time. Last November the 10,000th retail dealer completed the company's intensive sales and merchandising course. It also retained its own sales force during the war, even though it didn't make any sinks or cabinets.

Mullins will increase its production of kitchen cabinets (both base and wall types) by 50% during the second quarter of 1948. But it has made no announcement about increasing sink production as yet.

• **American Central**—Avco Mfg. Corp.'s American Central Division at Connorsville, Ind., is taking no chances on a shift of the market, either. It doesn't talk about tie-ins. But it has just launched a campaign to make it more interesting for the dealers to plug its line in the months to come.

It has put together an expanded marketing program that calls for full cooperation from its 83 regional distributors, 6,000 dealers. For its share of the program, American Central is putting $2-million into magazine and direct mail advertising this year. It is also selling its dealers at cost the "Plan-A-Kit," which includes a miniature drawing board for planning potential customers' kitchens.

• **Dealers' Part**—For their part, dealers pledge themselves to send all salesmen to the company's training course, use local newspaper advertising and direct mail, employ trained installers, make full use of all promotional material.



New Look IN FINISHES, TOO!

Styles in finishes keep pace with the times. Paint, lacquer and enamel finishes for metal and wood products, as well as walls, have steadily improved—all with an eye to easier application and smoother surfaces.

Smooth finishes depend largely on even application of the coating, more thorough coverage of the microscopic peaks and valleys of the surface.

To advance the skill of the workman by giving him better tools for spray painting, has been the goal of the Kellogg Division of American Brake Shoe. Recently announced is the new Kellogg Micro-Spray Gun.

It offers finer atomization of the lacquer, enamel, or paint, smoother finish, faster spraying speed. It is easier to use with a finely balanced feel and fingertip air control. Leading paint manufacturers who have tested it report it to be the finest spray gun yet developed.

If you use paint spray equipment to finish metal or wood products, or other surfaces, be sure to get the details about this new Micro-Spray Gun. Write to:

KELLOGG DIVISION
OF

AMERICAN Brake Shoe COMPANY

230 PARK AVENUE, NEW YORK 17, N. Y.

10 Divisions of American Brake Shoe Co. produce wear-resisting parts in 60 American and Canadian plants.

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KELLOGG DIVISION • NATIONAL BEARING DIVISION • RAMAPO AJAX DIVISION • SOUTHERN WHEEL DIVISION

(Advertisement)

BUSINESS IN MOTION

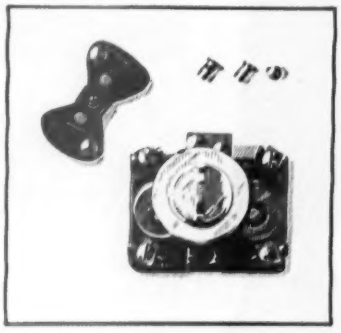
To our Colleagues in American Business ...

To most people, copper is just copper, and a familiar metal that can be handsome as well as useful. Revere, however, offers no less than six different coppers, each one having special qualities that set it apart from the others. One of these is Free-Cutting Copper, which can be much more easily and quickly machined than any other type of the metal. It is therefore an ideal material for the manufacture of machined parts requiring the high electrical or heat conductivity of copper. However, the metal is the highest priced of the six coppers, in cents per pound, and for that reason its economy is often questioned.

That this "expensive" copper is actually the most economical, when machining is involved, has been proved many times. For example, a company manufacturing electrical parts and equipment tried Revere Free-Cutting Copper first on a test basis, and then in standard production runs. Here are some results:

Part A: 5,760 pieces produced in 19.6 hours with no machine down-time, as against 10,425 pieces in Electrolytic Copper run in 66.6 hours with 11.8 hours machine down-time, plus use of three sets of dies. Saving per thousand, $1.81, including material and labor.

Part B: Saving per thousand, 77¢, including the material difference and direct labor. In addition, a saving of 18% in machine down-time.



Parts C & D: Both were redesigned, to eliminate a facing operation formerly required, now unnecessary due to the smooth surfaces produced in Free-Cutting Copper. No direct comparison is possible, but estimates are that these parts are being made four times as fast as they could be in Electrolytic.

In general, this customer found that there is a saving of at least 25% in machine time when using Free-Cutting Copper. Another important factor is worker enthusiasm; they like the metal because they no longer have to keep a constant close watch on the work to see that the turnings do not become tangled with the moving parts of the machine.

Thus it can be seen that Revere Free-Cutting Copper, though seemingly expensive per pound, is actually the most economical where machining is involved. In other words, we have here another example of the fact that "the best is the cheapest." Suppliers in every industry offer materials at varying prices, and it is suggested that no matter what you make, nor from whom you buy, it will pay you to investigate what is really "best" for your purposes. Price is not necessarily a guide to true economy. If you will permit your suppliers to study fabrication processes and end uses, perhaps from such mutual collaboration will come new ideas for reducing costs.

REVERE COPPER AND BRASS INCORPORATED

Founded by Paul Revere in 1801

☆ ☆ ☆

Executive Offices:
230 Park Avenue, New York 17, N. Y.

TRANSPORTATION

Airfreight Fight

CAB examiners suggest network of five independent all-freight airlines. Meanwhile regular lines boost business.

The battle for airfreight business between the certificated airlines and the independent freight carriers is raging again. This week each side had some good news to mull over:

FOR INDEPENDENTS: Civil Aeronautics Board examiners recommended that five major independents be fully certificated as all-freight common carriers.

FOR CERTIFICATED LINES: Civil Aeronautics Administration figures indicated that the regularly scheduled carriers hauled a larger proportion of total airfreight shipments last year than in 1946.

• **Cargo Network**—The CAB examiners suggested that a nationwide network of all-cargo routes be certificated; it would connect the seven most important airfreight-generating areas in the country. The areas: California, Northwest, North Central, Northeast, Southeast, Texas, and the Gulf Coast.

The five independents named to operate the new service are: California Eastern, the Flying Tiger Line, Slick Airways, U. S. Airlines, and Willis Air Service. All five now hold temporary CAB certificates as common carriers (BW—Aug.23'47,p29).

The CAB report named a number of cities in each area, and assigned one or more of the five lines to serve each area. A carrier would be permitted to fly from any designated point in one of its areas to any point in one of its other areas.

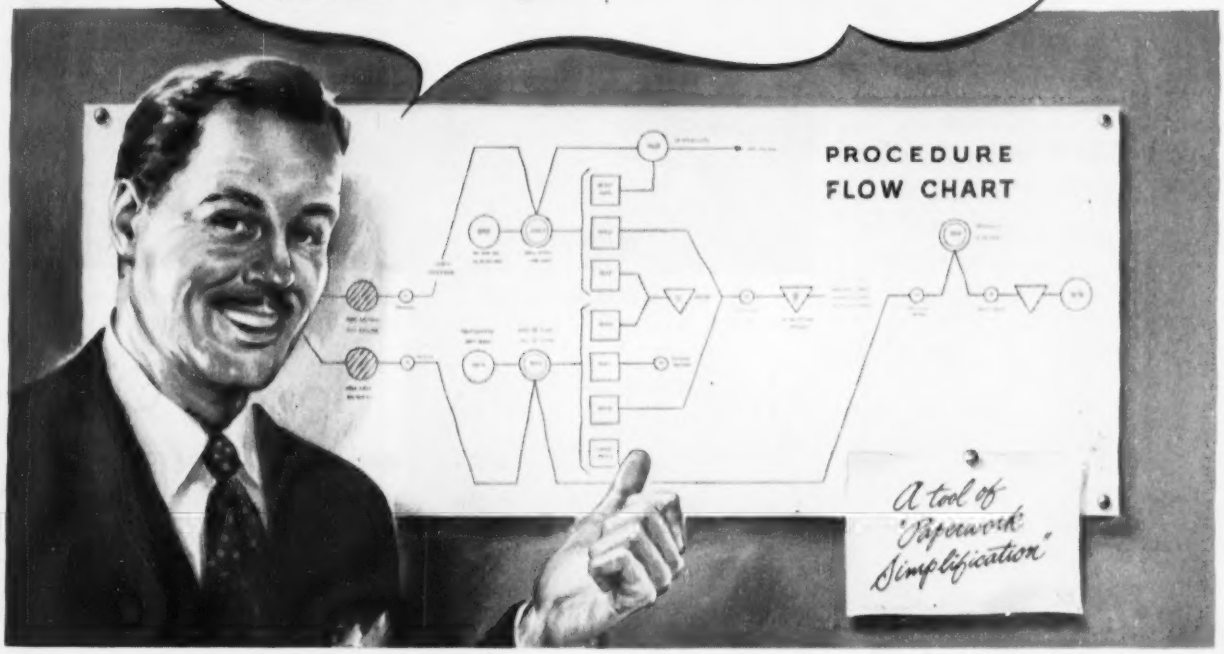
• **Partial Setback**—The report was not a blanket indorsement of the independents' aims.

For instance, the examiners recommended that the certificates be limited to a three-year period.

Also, the examiners turned down the independents' request that they be awarded mail routes.

• **Statistics**—Preliminary CAA figures show that certificated lines carried 40-million ton-miles of freight and 30-million of express in 1947, a total of 70-million ton-miles. The independents flew some 60-million ton-miles. Comparable 1946 figures: for the scheduled carriers, 19.4-million ton miles of freight and 24.1-million of express, a total of 43.5-million ton-miles; for the independents, 47-million ton-miles.

THESE FACTS prove that "Paperwork Simplification" speeds business operations, slashes costs!



Exclusive Standard Register techniques reveal ways to reduce paperwork, eliminate red tape, and tighten control of all phases of business!

Standard Register's exclusive Procedure Flow Charting has shown thousands of businessmen how "Paperwork Simplification" results in startling new efficiency and control in any department of business. It is only one phase of the special techniques by which Standard specialists develop improved methods . . . and design and produce marginally-punched, continuous forms . . . both essential elements in "Paperwork Simplification." No other company offers you such *complete service!*

"Paperwork Simplification" cuts the cost and effort of writing and handling forms, gives you great savings in factory and office overhead and improved employee morale. But most important, it results in accurate, tighter control of business. Think what this means! Reduction of costly errors and delays in serving customers and clients. Improved quality control of product. Speedier distribution. There's *almost no limit to the benefits and savings!*

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FLOOR-TO-FLOOR
HANDLING



For Better Use
OF STORAGE SPACE



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CONVEYORS
Cut Your Costs

WHETHER it's bags, bales, boxes, bundles, cartons . . . whether you stack, pile, move, load or unload . . . Farquhar Freight Conveyors can cut your handling costs! Built to "take it," flexible Farquhar Freight Conveyors handle your materials faster, more economically!

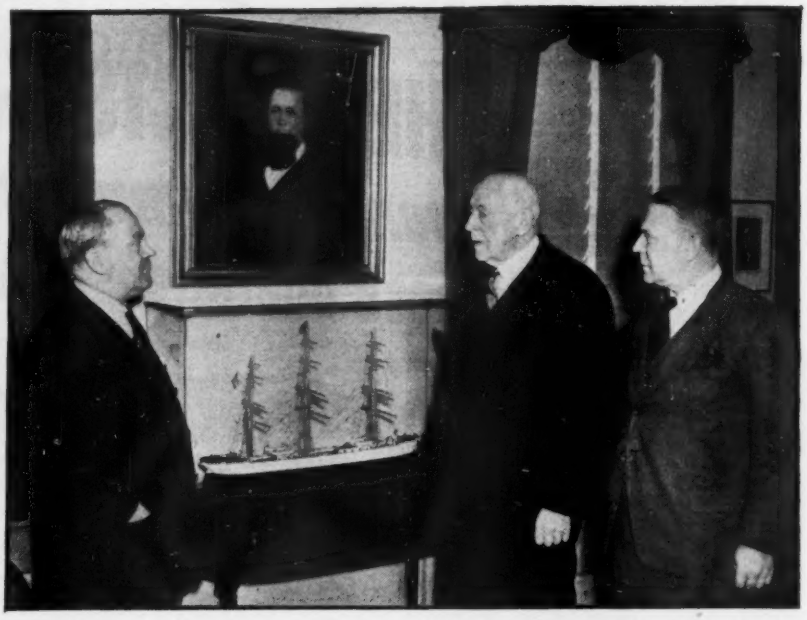
Top illustration shows how Farquhar Model 431-FO Freight Conveyor speeds up floor-to-floor handling in laundry plant—carrying laundry bundles from delivery trucks to second floor.

Bottom illustration shows how a North Carolina plant eliminated "dead" storage space with the installation of a Farquhar Model 431-EC Freight Conveyor. Hundred pound bags of cotton seed meal are now piled higher, faster, easier—in places never before possible without conveyors.

Farquhar has the right materials handling conveyor for your job too! Tell us your handling problem; we'll give you the information you need. Write: A. B. Farquhar Company, Conveyor Division, 201 Duke St., York, Pa., or 612 W. Elm St., Chicago 10, Ill.

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PORTABLE OR PERMANENT
MATERIALS HANDLING
CONVEYORS

HYDRAULIC PRESSES FARM EQUIPMENT
FOOD PROCESSING and SPECIAL MACHINERY



ALL SALTS at heart—the Farrells (left to right): James A., Jr.; Ancestor Capt. John (portrait); the late James A., Sr.; and John J. James, Jr., and John run ship line

Shipping Family Honors Own

Renaming of Farrell Lines marks company's growth and a family tradition. Sea fever that caught even Big Steel's James A. Farrell pays off as sons push expansion of line.

A combination of sense and sentiment induced a major U. S. shipping company to rechristen itself this week. On Apr. 1, the American South African Lines, Inc., became Farrell Lines, Inc.

Business reason back of the change was that the former name had become too narrow for the company's expanded services. But a family consideration was just as important. John J. Farrell, chairman, explained that the new name honors his father—the late James A. Farrell, president of United States Steel Corp.

It was the elder Farrell's "keen interest in American shipping, his foresight in anticipating the need for regular freight facilities to Africa, which fostered the company's founding."

• **Sea Fever**—Back in the days when James A. Farrell was the biggest name in steel, cronies knew that he was at heart a salt-water man. He eased the frustration somewhat by an interest in sea commerce. This led him to found the National Foreign Trade Council. Even more comforting was the inspiration that led his two sons to form in 1925 the first regular, privately owned line linking South Africa and the U. S.

James A. Farrell, Jr., John's younger brother and the company's president, is the other half of a management team respected by competitors in all nations for fast thinking and crisp action. Potency of the sea salt in their veins is shown by their constantly growing ship operations.

• **Growth**—From the little fleet of five ships which first linked New York and Cape Town, the line has grown to 14 C-type fast freighters, plus three small feeder units, plus six to eight Victory ships chartered from the Maritime Commission.

The original line served South Africa only. Now Farrell ships trade along an 8,000-mi. coastal loop reaching from the windy point of Dakar in the west to the steaming ports of Italian Somaliland in the east. They also touch at islands along this route—including fabled Madagascar.

Since theirs is a closely held corporation, the Farrells aren't saying anything about earnings. But business is booming and promises to continue good—certainly until foreign competition gets hot. Recent freight rates in this trade resulted in steady earnings—until the rising cost of fuel oil threw costs out of line.

• **Ships**—Heavy postwar cargoes aren't the only reason for the good showing. Farrell foresight has helped boost income. A common complaint against U. S. ships is that most of them are so big that they can't nose into shallow

harbors for freight, as smaller tramp ships can. The Farrells think they have the solution. Their small coasting steamer—one of the "Freight and Supply" type used by the Army and Navy—collects cargo along the West African coast.

In addition, two converted L.C.T.'s (landing craft, tanks) operate from the Firestone rubber plantation at Harbel, Liberia, to Monrovia on the coast. They draw only 3 ft. of water when loaded and are economical. The company plans to add others.

• **Promise in Liberia**—The Farrells expect great things of the Liberian trade. They will get their share of the Firestone rubber shipments, which should top 30,000 tons this year. Big asset will be the $20-million harbor which the U. S. Navy built to make Monrovia a modern port. It is finished, will be free for shipping as soon as Liberia's president, William Vacarart Shadrach Tubman, puts his signature to the treaty.

For the long pull in the Negro republic, the Farrells recently acquired a promising new shipper—the Liberia Co. (BW—Dec.13'47,p113). That company has an 80-yr. concession from the Tubman administration to explore the country's almost untouched riches. Backing it is a group headed by Edward R. Stettinius, Jr., a former Big Steel executive. There is no business connection between the Farrells and Stettinius, but the three are friends and will be mutually helpful.

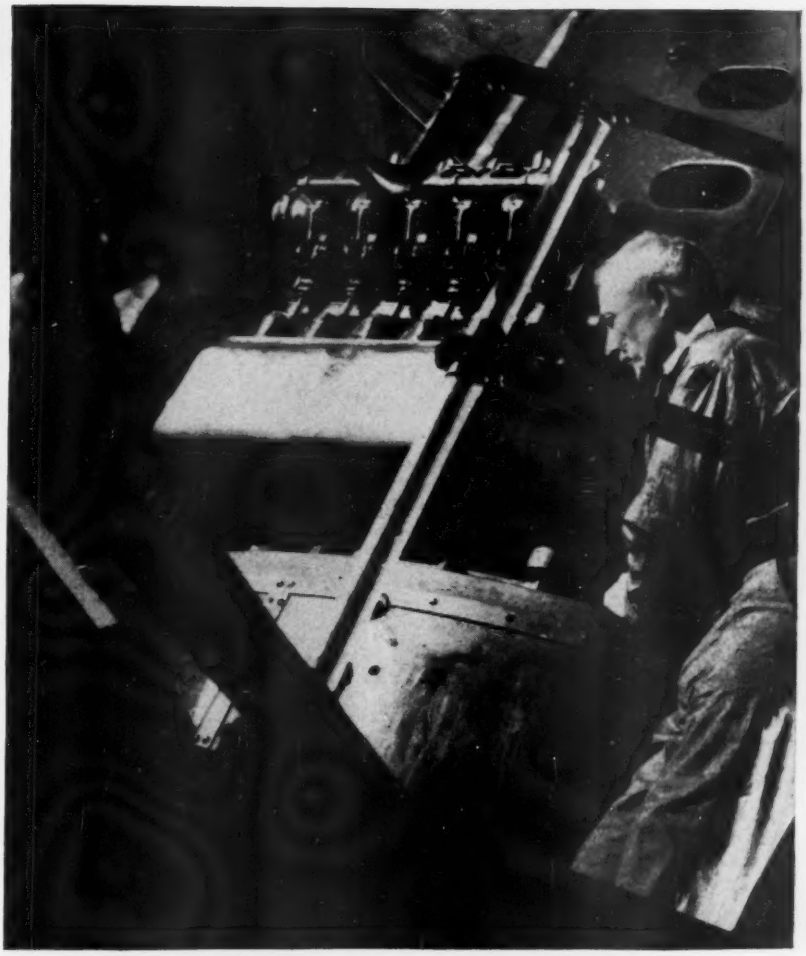
• **Cargo Both Ways**—As the Farrells realized at the start, the Africa-United States trade is healthy barter. There's no steaming home in ballast. From the U. S. ships deliver all manner of manufactured goods, from mining machines and automobiles to pins and pencils. For the homeward leg, they load mahogany, ores, hides, live animals (for zoos), asbestos, wool, sisal, cocoa, coffee, many more items with strange names and little-known uses.

All the Farrell ships have refrigerator space. The fresh fruits they bring from South Africa hit the American market in the dead of winter when prices are highest.

Diamonds generally travel by air. But the Farrell ships bring home South African gold (locked in special vault-like bullion rooms) at a rate of 25¢ per $100. The balance of trade is against South Africa but it is able to balance its accounts with gold bars. (Regions in the sterling zone are strictly controlled on purchases from the U. S.)

• **Passengers Clamor**—As with other lines operating in this trade, the Farrells' big freighters carry 12 passengers each. Since there are no passenger liners connecting the two continents, there is a clamor for bookings.

Some years back the Farrells tried to find a remedy. They asked for govern-



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Power plant operators have told of Hartford Steam Boiler inspectors who seemed almost uncanny in the way that they could detect a "sore spot" in a power unit . . . and thus prevent a costly accident.

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William H. Carter
President
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ment permission to fly passengers between New York and South Africa. Pan American got the license.

In February travelers and tourists saw a ray of hope: The Farrells announced they were dickering with the Maritime Commission for two liners for the South and East Africa route. The ships in question saw war service as transports. Farrell engineers are surveying them to see if they can be converted to 100-passenger capacity at a cost that will allow them to earn a profit.

• **The Farrells**—The Farrell brothers are shrewd, imaginative, modest. They have mastered the shipping business from keel to truck. Of the two, James A. is more active outside the company. He is president of the Maritime Assn. of the Port of New York; he is also on the committee appointed by Mayor O'Dwyer to modernize the city's antiquated docks.

To both, the renaming of the American South African Line is a formal dedication to seagoing ancestors far back in their Irish beginnings. James A., Sr., came from a long line of sailors. His father, "Capt. John," migrated to Connecticut, was lost at sea with his ship.

In 1929 Steelman Farrell indulged his old hunger by buying the full-rigged sailing ship Tusitala. He operated her in freight service for years as a hobby. During the war she was used as a training ship. She now lies in a Mobile bone yard, waiting for the wreckers.

RAIL FREIGHT—AND MEN—OFF

Railroad employment normally increases in March, when the roads start outdoor maintenance. But last week the New York Central and the New York, New Haven & Hartford announced they were laying off or furloughing employees. The Union Pacific also recently laid off some men.

One reason for these layoffs is the coal strike, which has already caused a 25% reduction in steam locomotive mileage.

But more than the coal strike is back of the drop in railroad business so far this year. Coal loadings did drop very sharply for the week ended Mar. 20 as compared with the corresponding week last year; but all other types of freight except ore showed some decline too. And freight loadings for 1948 up to Mar. 20 are down 5.1% from the same period last year.

Railroad men blame this on two things: (1) price uncertainty, which has slowed up purchases for inventory, and (2) the hard winter just past. If the coal strike continues much longer, they look for further reductions in their business. If the strike goes on long enough to affect steel output, shipments of manufactured goods will be reduced for months to come.



Discharge end of continuous tin plating unit showing bright polish of strip after electrolytic plating and high-temperature fusing by Gas-fired radiant burners

Tin coating is fused to steel as the strip passes between SELAS Gas-fired radiant burners. Close-up of the high-temperature section of the continuous line shown at left

RADIANT GAS BURNERS create high-temperature tin-coat fusing zone

BRIGHT FINISHING was the problem—and engineers of Crown Cork and Seal Company, Inc., Baltimore, adopted a high-temperature method for fusing tin to low-carbon strip, with resultant high-polish surface, in a continuous production mill.

Then, to obtain the high temperatures necessary for heat-processing, these engineers selected GAS and modern Gas Equipment. By directing the heat of radiant GAS burners over a concentrated area of the freshly-plated strip it was readily possible to coordinate the fusing action with the plating process to accomplish continuous high-speed production of bright finished strip.

This typical installation demonstrates the flexibility of GAS and the applicability of modern Gas Equipment for continuous, production-line heat processing. Compared with available fuels GAS is most readily controlled by simple automatic devices; Gas Equipment can be adapted for use with existing machinery or incorporated in new machinery without radical design changes, or expensive supplemental apparatus.

The manufacturers of Gas Equipment and your local Gas Company Representative will assist you and bring you up to date on the latest developments in heat-processing with GAS.

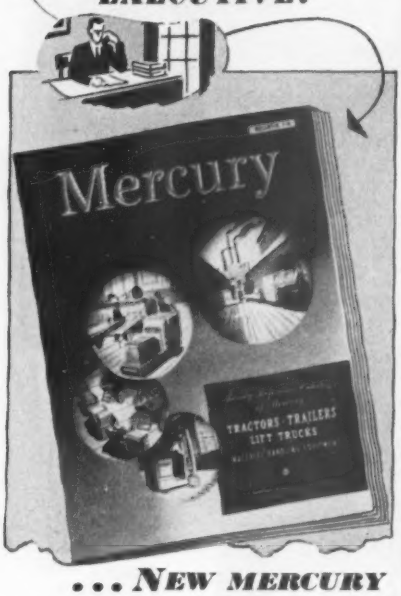
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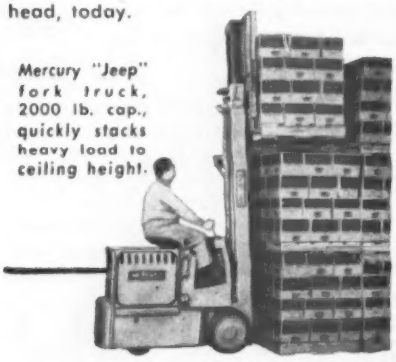
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FINANCE

Berkey & Gay Ruled Bankrupt

Famous Grand Rapids furniture concern to be dissolved, buildings to go on auction block. Federal court order winds up long career that had plenty of ups and downs.

The former pride of Grand Rapids, and the pioneer in brand names in furniture, will soon be no more.

Last week, U. S. Judge Raymond W. Starr in that Michigan city signed an order declaring the 86-year-old Berkey & Gay Furniture Co. bankrupt. Federal Bankruptcy Referee Chester C. Woolridge, who had recommended the step, announced at the same time that the company's property would be sold at auction on or about Apr. 20.

• **Rough Road**—One trouble after another has beset the huge Berkey & Gay works since the depression upset it in 1931. On Apr. 15 of that year the plant closed; in November its bonds went into default. Two reorganizations followed. But B. & G. had fallen out of step, and never recovered for long its money-making rhythm of earlier years.

• **Very Small Acorns**—Berkey & Gay's beginnings went back to two men: Julius Berkey, who had $5 in cash and equipment, and materials valued at a "few hundred," and Elias Matter, whose stake was "tools valued at $6." In 1862 their partnership, Berkey & Matter, began to manufacture furniture exclusively for the wholesale trade in Chicago and Milwaukee.

In 1863, William Berkey—operator of a small sash, door, and blind factory—joined his brother; Berkey Bros. & Co. was incorporated for $17,215.

By 1866 the business had prospered. George W. Gay bought half of William Berkey's interest, and the company became Berkey Bros. & Gay. In 1870 Matter retired and in 1873 William Berkey withdrew. The Berkey & Gay Furniture Co. was incorporated in 1873 for $500,000.

• **Philadelphia Success Story**—The Philadelphia centennial lifted the company from hopes to achievement. Most furniture makers brought small ornate displays to the 1876 exposition. George Gay took down a freight-car load of case goods—dining room and bedroom suites, and the like. More important, he brought along two revolutionary ideas: (1) He put the Berkey & Gay "shop mark" on his products, first notable use of a brand name in the industry; and (2) he began to sell as a wholesaler, not to wholesalers.

Highbrow competitors looked down their noses at the tradition-breaking upstart company. But they suddenly fell over themselves to follow suit. The reason: Gay's furniture sold out at Philadelphia. The company was on the road to industry leadership.

• **Moving Up**—By 1912 Berkey & Gay was a big factor, perhaps the biggest, in Grand Rapids. Its capitalization was increased to $1-million. And it continued to grow.

Consolidated Furniture Co. was organized as a holding company for B.&G., Wallace Furniture Co., and Grand Rapids Upholstering Co. In 1926 these three firms were merged. This marked the beginning of a tortuous downtrail for B.&G.

• **Moving Down**—The consolidation was financed by a $1.5-million issue of Berkey & Gay Furniture Co. first mortgage bonds and $1.1-million in prior



McCABE AGREES ON BONDS

If Thomas B. McCabe gets the Senate's nod as head of the Federal Reserve System (BW—Jan.31'48,p6), there will be no change in one of the Administration's fiscal policies: government bond support. That much was made clear last week: McCabe testified before the Senate Banking Committee that he was "thoroughly in accord with the current program of the Federal Reserve in supporting government bonds."

preferred stock—big money in the furniture business. Business was still good, but 1929 was close and the firm's finances and facilities were extended.

The company's original holders sold out to Simmons Co. in September, 1929, barely beating the crash. The collapse of the early 30's resulted in the big plant's shutdown, and bond default in 1931.

A receivership ended in reorganization late in 1935. Stock was offered publicly the next year. By 1941 the company had again stubbed its toe on lukewarm markets. It fell into another reorganization.

• **New Try**—Production during the postwar period veered away from its traditional case-goods lines. One reason was that retail outlets no longer felt their former unbounded confidence. To fill the gap caused by shrinkage in case-goods volume, the company turned to radio-cabinet manufacture.

To speed production and economize, Berkey & Gay installed a highly publicized conveyor system in January, 1947. It failed to achieve expected economies. Declining business volume, meanwhile, was plaguing the company.

• **Defects**—In January of this year Berkey & Gay again walked down the now-familiar corridors toward U. S. District Court. In its hand was a petition for reorganization under Chapter 10 of the bankruptcy act. That was turned down. What B.&G. got was the bankruptcy order. RCA-Victor Corp., with a $650,000 claim, was listed as the largest creditor.

A group of Cleveland investors is reported to have acquired an option on this claim. The Clevelanders are said to be acting for Canadian-American Truck Co. During the war this company operated the B.&G. plant under a management contract; it made prefabricated housing units, largely for Britain.

• **Expectations**—Berkey & Gay's buildings probably won't be idle long. Warehouse space is scarce in Grand Rapids today. Someone is expected to buy in the property for storage purposes, if nothing else.

STOCK-BUYING LURE

If you need rayon supplies badly, you might consider becoming a stockholder of United Rayon Corp. The company soon hopes to sell publicly 9,950 shares of stock at $1,000 each. And buyers will find attached to each share a warrant entitling them to purchase a pro rata portion of their company's output.

But there's a catch: United Rayon was formed only a month ago, owns no production facilities as yet, and is depending on the proceeds of its first stock issue (just filed with SEC) for the cash it needs to build a plant.



This is under no circumstances to be construed as an offering of these securities for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such securities. The offer is made only by means of the Prospectus.

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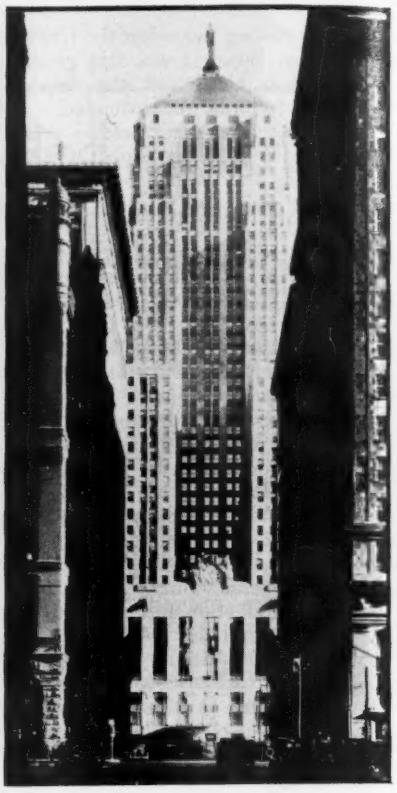
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THE OLD AND THE NEW: In 1928 the Chicago Board of Trade tore down the building it had occupied for over 40 years (left) to make way for its present home (right).

Board of Trade Anniversary

Chicago grain exchange celebrates 100th birthday. After a century of trying, it still hopes, some day, to convince the public that speculation, far from being wrong, is a necessary function.

Grain traders have always made a sharp distinction between the terms "speculator" and "gambler." If the public in general and a few high government officials in particular would only do likewise the second 100 years of the Chicago Board of Trade would be a lot easier than the first.

• **Birthday**—Just 100 years ago this week—on Apr. 3, 1848—the Board of Trade was set up to provide a central market for grain and provisions raised in the Chicago hinterland. Speculation—managed and controlled by rules and regulations—was and is fundamental to such a market's operation.

Yet today, after a century of growth and refinement, the speculative system of grain pricing is under sharper attack than ever before. And, say the grain traders, failure to understand the function of the speculator is at the bottom of most of the criticism.

Principal field of operation for the speculator is in grain-futures trading. A futures trade is simply a contract between buyer and seller; it fixes the quantity, price, and delivery (or "contract") month. Over the years certain contract months have become dominant; they are March, May, July, September, and December. That is because each has a definite relation to the harvest and to movement of grain.

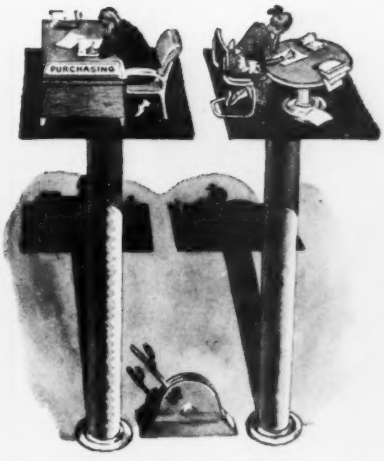
• **Distinction**—Grain men insist that futures trading is not gambling, it is speculation. In the words of J. O. McClintock (picture, page 92), executive vice-president of the board: "A gambler is one who creates his own risk, a risk which does not exist by natural circumstance. A speculator is one who assumes a risk already in existence, a risk inherent to natural causes and effects."

Eliminate the speculator, and the risk he now assumes would have to be borne by the farmer himself, by the country elevator operator, by the flour miller (BW—Oct.4'47,p26). Without him, there could be no permanent market where the producer can sell and the consumer buy at any time and in any quantity. Finally, his activities provide exceptionally low distribution costs. So

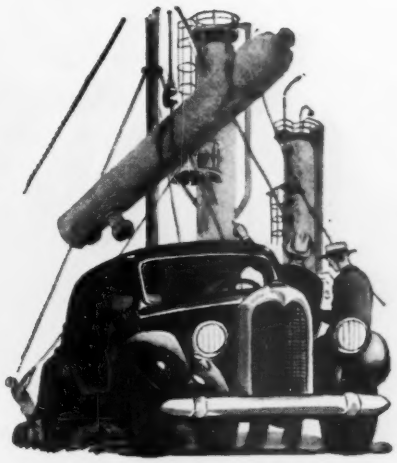
Are present "high profits" justified?



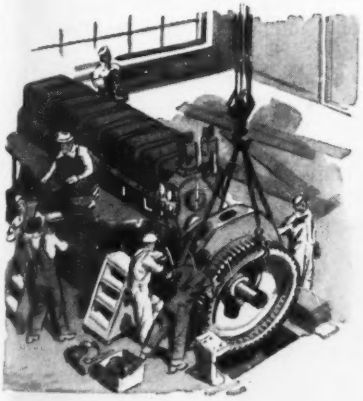
1. During 1947 Union Oil Company made the highest net profit in its history—$18,910,000. That's what the books show. And according to accepted accounting practices that's what happened. But curiously enough, Union Oil actually *spent* $675,000 *more* during 1947 than it *took in.*



2. The facts behind those figures prove rather dramatically that inflation affects a corporation just as much as it does the average housewife. Here's why. According to accepted accounting practices a corporation depreciates its equipment and charges off its inventories on the basis of what they cost *when they were acquired.*



3. For example, if a piece of refining equipment cost us $1,000,000 in 1937 and the estimated life of that equipment was 10 years, we set aside $100,000 a year for 10 years. Then theoretically the money would be available to replace that equipment in 1947. If the crude oil in a given well cost us $1 per barrel to acquire in 1937 and we were able to sell it for $2 in 1947, then theoretically we made $1 profit on each barrel of that oil we sold last year.



4. If 1947 costs and prices had been the same as 1937's—or if we were selling out the business—this method of accounting would give us a true picture of our "profits." But neither of these is the case. That piece of refining equipment had to be replaced *at 1947 prices.* And since we plan to stay in business that barrel of 1937 crude had to be replaced with a barrel of crude we found last year *at 1947 costs.*

1947

COST OF STAYING IN BUSINESS		COST OF DOING BUSINESS	
EXPLORATION FOR OIL . .	$10,337,000	RAW MATERIALS	$49,793,000
RESEARCH	1,761,000	WAGES & SALARIES	31,775,000
DRILLING & DEVELOPMENT OF PROVED FIELDS	16,354,000	TRANSPORTATION	12,845,000
REPLACEMENT OF OLD EQUIPMENT & ADDITION OF NEW	12,746,000	TAXES	7,749,000
INTEREST	1,154,000	RENT, POWER, SUPPLIES, ETC.	21,412,000
DIVIDENDS TO STOCK-HOLDER-OWNERS	6,537,000		$123,574,000
	$48,889,000	**WE PAID OUT . . . . . .**	**$172,463,000**
		WE TOOK IN	**171,788,000**
		BOX SCORE FOR 1947 . .	**—$675,000**

5. Everyone knows that you can't buy things today for what you did before the war. Refining equipment that cost $400 per barrel of daily capacity pre-war cost $1,000 per barrel in 1947. Our cost of drilling for oil in 1947 was 1¾ times what it was pre-war. And the cost of everything we bought from pipe lines to service stations was up proportionately.

6. Since those higher costs of "staying in business" couldn't be included in the sums we'd set aside for depreciation and reserves, we had to dip into our "profits." So when we got all through, not only did our shareholders receive an inadequate return—only 3% of the year's revenue—but our so-called "high profits" weren't high enough by $675,000 to keep Union Oil Company a going concern.

UNION OIL COMPANY
OF CALIFORNIA

INCORPORATED IN CALIFORNIA, OCTOBER 17, 1890

This series, sponsored by the people of Union Oil Company, is dedicated to a discussion of how and why American business functions. We hope you'll feel free to send in any suggestions or criticisms you have to offer. Write: The President, Union Oil Company, Union Oil Building, Los Angeles 14, California.



"I NEVER HEARD OF SUCH A THING!"

"Why, I started here when I was just a boy. Worked from the ground up. Never stood still a day in my life. I tell you, son, you've got to keep your nose to the grindstone, your shoulder to the wheel, your ear . . ."

Hold it, J. B. Your idea's fine. Foundation of American progress and all that sort of thing. But if you'll lend us that ear for a minute, we'd like to explain just what "standing still" really means to a business today.

Manpower on the move costs you money . . . wastes time . . . makes your plant or warehouse look like Times Square at 5 PM. Your raw materials, your parts, your finished product must move from receiving to stock, to production, to storage, to shipping. The job is to keep these things moving while your *men* stand still.

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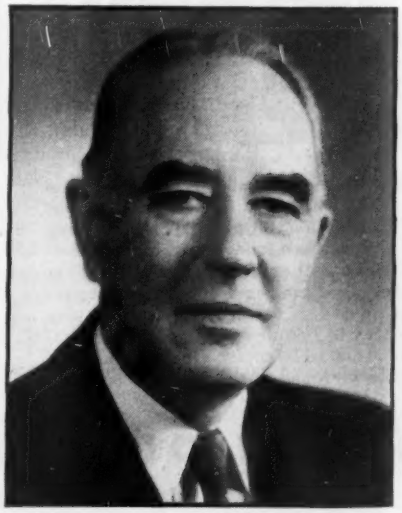
runs the grain man's argument; and he has 100 years of practical experience to support him.

• **Old Story**—Charges that speculation improperly affects grain prices are nothing new. Half a century ago a congressional commission probed the effects of speculation on the value of farm products. It spent three years on the job. And grain men warmly recall its findings, which upheld the speculators' position:

"The scope of this task of forming judgment upon worldwide conditions, and forming it accurately enough to stake millions of capital upon it, is perhaps the heaviest hazard in our whole modern economic organization of society. But some class of investors must do it, or the customers must pay a higher price for their products, and producers must be content to enter the market with fewer competitors ready to buy and carry their surplus. Producers and consumers together, without the speculative mechanism at work, would have to divide the risks of distribution between them. Neither of these interests is prepared to do this. . . . The economic services of speculative agencies are tremendous."

• **Corners**—That study was made while the operations of such big grain plungers as Bernard P. ("Old Hutch") Hutchinson and young Joe Leiter were still fresh in everyone's memory. From 1887 to 1890 Old Hutch was the most powerful operator on the board. His "corner" in wheat in 1888 made him famous and netted him millions of dollars.

Ten years later, young Leiter, son of a Chicago millionaire, dropped $10-million in an unsuccessful effort to achieve the same goal. Leiter's nemesis was crafty Philip D. Armour of meat-packing fame. Armour sold wheat short, used ice-breakers to get boatloads of the



EXECUTIVE VICE-PRESIDENT J. O. McClintock is board's first full-time official

stuff out of Duluth and into Chicago in December—in time to fulfill his contracts.

But these and similar occurrences in the grain pit were more than the board could stomach. It revised its rules to provide for suspension or expulsion of any member who attempts to corner the market.

• **Intervention**—The government then stepped into the job of regulating grain trading in 1922, when it established the Grain Futures Administration. Even more stringent was the Commodity Exchange Act of 1936; under its terms no speculator can acquire more than 2-million bushels of any one grain.

The 1922 act performed one noteworthy service: It set up for the first time machinery for assembling and disseminating statistics on grain-futures trading.

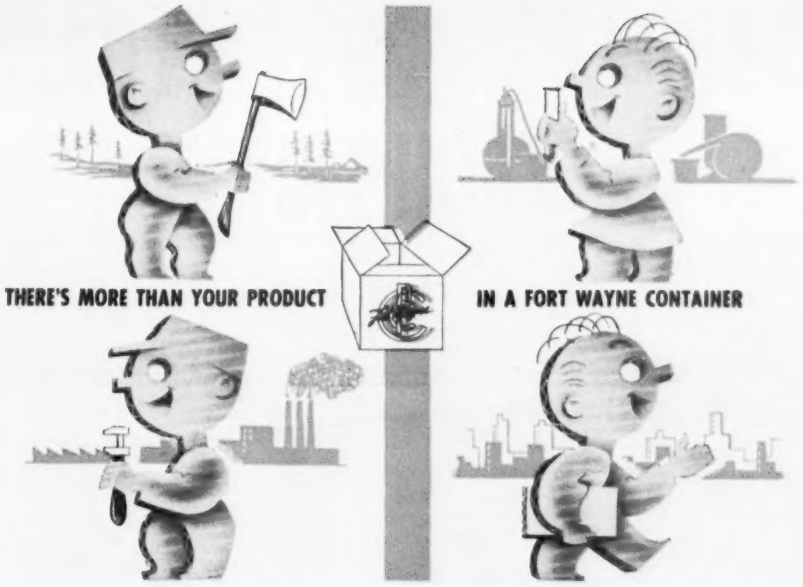
From these figures the government can get proof that federal regulation has reduced grain speculation markedly—and the grain trade can get backing for its contention that regulation comes close to wrecking the service which speculation provides.

• **Ups and Downs**—Back in 1925 the Chicago Board of Trade experienced its biggest futures-trading year. Almost 26.9-billion bu. of grain were future-traded in the 12 months. During the depression, the figure dropped to a low (in 1932) of only 10-billion bu. After a rise to 14.7-billion bu. in the "recovery" year of 1937, volume sank steadily. Wartime controls—including elimination of corn-futures trading from June, 1943, to September, 1944—kept activity at low ebb.

Slimmest year on record was 1946, when trade volume was only 4.4-billion bu. The causes: various federal edicts associated with removal of price controls, and the world grain shortage. Last



PRESIDENT Richard F. Uhlmann of Board of Trade took office last Jan. 1



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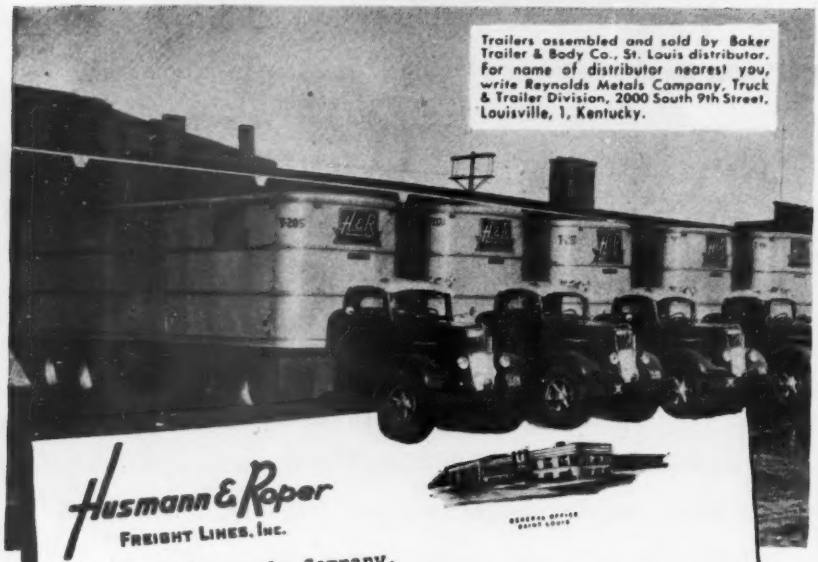
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Because of the record performance of these trailers in our fleet, we have purchased an additional six and have adopted a program of purchase to replace the remaining heavy trailers in our fleet with the Reynolds all-aluminum trailer

Sincerely yours,
HUSMANN & ROPER FREIGHT LINES, Inc.

H. H. Husmann

W. H. Husmann,
President

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year the volume was back up to 11 billion bu.

• **Top Market**—Through the years the Chicago Board of Trade has been the principal grain futures market of the nation. It has accounted for 80% or more of all futures trading at all markets; the rest is done at Kansas City, Minneapolis, and other lesser markets.

Because of its very bigness, then, it is always the main target of all attacks against the futures-trading system. Whenever prices are high, "Chicago speculators" are blamed; if prices go bust, Chicago "short sellers" are presumed to have reaped a big profit.

• **Fighting Words**—During 1947, grain prices climbed fast. There were two obvious reasons: tremendous government exports to aid Europe; a short corn crop. But some federal officials used this situation to renew demands for more regulation of the grain exchanges. President Truman went so far as to ask that the government be given authority to regulate margins.

A margin, to the grain man, is simply "earnest money" put up to insure fulfillment of a contract. To use the margin as a lever for controlling the volume of futures trading would defeat the very purpose for which the exchange was established; it would no longer be a free market. The board did agree to government "suggestions" that margins be raised. But it objected mightily to any plan that would place margin-setting authority in federal hands.

• **Low Point?**—Despite all these unfavorable developments, grain men believe 1947 may have marked a turning point in the history of grain trading. For one thing, the present Congress is more friendly than those of the New Deal era. And the Board of Trade itself has taken two definite actions:

(1) It has embarked on an aggressive program to educate the public on the functions and value of grain exchanges. To head this program, it has hired a public relations agency.

(2) It has turned over managerial duties to its first full-time executives. McClintock was selected as the first executive vice-president; he took office in January, 1948, after a year as president of the board. His successor as president is Richard F. Uhlmann, first vice-president since 1945.

• **Dividend**—One result of this change from defense to attack already is apparent. Last November the grain exchanges demanded—and got—a congressional investigation of themselves. They used the committee hearings as sounding boards for their message: Grain futures trading does not make prices; it merely reflects them.

If that message can be drilled into more people's heads, life will be a lot easier for the Chicago Board of Trade in its second century.



From the Robert Riskin Picture MAGIC TOWN starring James Stewart. An RKO Radio release.

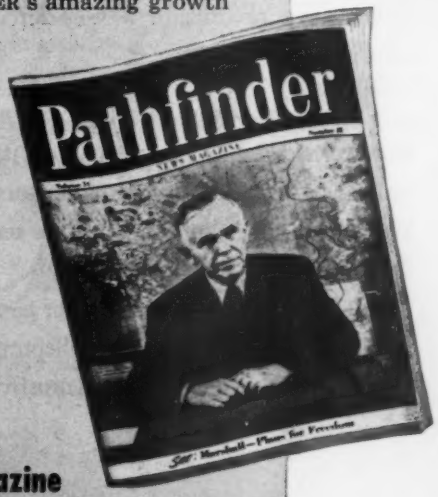
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Why You Cannot Get Ahead as Your Father Did—

THE UNITED STATES is being forced toward socialism by a tax revolution of far-reaching consequences.

We have not yet felt fully the deadly impact of this revolution because inflation and the postwar boom have delayed its effects.

But from now on, more and more people will feel its bite. Already it is the dominant element in our economic life. Already it is the major factor in our chances of keeping our jobs and of getting ahead.

Here are some pertinent facts on this tax revolution:

1. The tax load that our nation can safely carry has long since passed the danger point.

Our capitalistic system is in real danger when taxes take more than 20 percent of our national income (or 20¢ out of every income dollar). Beyond that point there are not sufficient dollars left in private hands for capitalistic America to raise the capital required to keep its industry going. So we are right now being nudged further and further into socialism.

For today taxes take *twenty-five* percent of national income (or 25¢ out of every income dollar).

2. The tax revolution has undercut the incentives that help us to get ahead.

The group whose incomes range from $5000 up now turns over about one-half of its *total* income to federal, state, and local tax collectors. Before the war, this group gave the tax collectors one-third of its collective income.

In sharp contrast, the group of people with incomes under $5000 pays the tax collectors 20% of its income for direct and hidden (mostly hidden) taxes — against 18% before the war. This lower-bracket group needs immediate tax relief but I believe most sincerely that persons earning less than $5,000 have a very vital reason for also supporting tax relief in the much more heavily hit upper brackets.

As you get ahead, you expect your taxes to go up. Taxes should be levied, in principle, according to ability to pay. But today tax rates rise so sharply that they virtually destroy all incentives to get ahead, to save, and to invest in new and untried enterprises that open up new jobs. *The progressive tax idea now carried to punitive extremes has become a destructive tax revolution.*

Today the United States, envied by all the world for the wealth it has won under capitalistic incentives, has cut its incentives below those offered by that state whose police methods strike terror into the hearts of all workers.

Soviet Russia rewards successful managers, writers, and scientists better relatively than we do under our present tax system.

A revolution that sweeps away incentives will quickly sweep away our free enterprise economy. The only substitute ever found for free incentives is the whip-and-lash compulsion of the police state. And no police state has ever been able to match the production of a free people with a free economy that gives adequate rewards to individual producers.

3. The tax revolution hits squarely the average American's chances of keeping a job and of getting ahead.

If you make less than $5000 a year you may well ask why you should worry about a tax revolution that seems directed at the comparatively small group, about

10% of American families, who make $5000 a year or more.

The answer, it seems to me, is that "risk capital," the money that makes new jobs when invested in growing companies or in new businesses, must come largely from the people making more than $5000 a year. The others usually cannot afford to take any risks with their savings.

It was the savings of this 10% group that made possible the huge growth in American industry and American jobs and our progress in raising American living standards in the years before 1930.

Now the government is taking so much from the 10% group in taxes that they cannot afford to risk any savings they manage to accumulate. Most of their savings now go to insurance companies and savings banks which are barred by law from making risky investments or investments even in seasoned common stocks.

The flow of risk-capital from this 10% group can only be renewed by reducing their taxes. The result will benefit everyone over the difficult years to come by providing more and steadier employment for all.

The cost of the presently proposed reduction, *less than 1% of the national income,* can well come out of current revenue surplus. It will be repaid many-fold by the new enterprises it will stimulate.

4. Jobs will be lost if risk-capital does not increase.

Unless the flow of risk-capital into business *can be doubled* and *trebled* in the next few years, business investment in job-making new plants and equipment will drop sharply. The McGraw-Hill survey of prospective capital expenditures, reported in the previous editorial in this series, made that quite clear.

When such a drop in business investment has come in the past, it has brought with it a general slump in business – and unemployment.

As we work through the enormous demand for goods of all kinds built up during the war years, and as the war-accumulated savings of businesses and individuals are spent, it will be harder and harder to keep production and employment at today's high levels.

Then – at the very time that we shall need all our drive to maintain prosperity – we shall be hit by the full impact of the tax revolution.

5. Compounding these troubles is a tax system as out-of-date as an oxcart.

Twenty years ago, when taxes took only twelve cents out of the national income dollar, our rattle-trap tax system was little more than a nuisance. Today, when it takes twice as big a bite, its double-taxing of the earnings of investors, its discriminatory excises, and the overlapping of federal, state, and local levies are a fatal handicap. A new system, a fair system, a rewarding system, is a necessity if American initiative and enterprise are to have a fair chance.

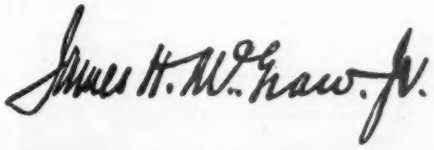
What Congress does now about federal taxes will bear crucially on our ability to sustain prosperity.

By demanding economy in government and by redesigning the tax system to stimulate initiative and risk-taking, Congress can multiply many times our chances of maintaining full employment and of raising living standards.

By allowing people to save more and by renewing the incentive to risk capital in new enterprises, Congress can actually insure a bigger tax return in the years ahead. More business will result – and pay more taxes.

That is the only way that a free people with a free economy can carry the tax load.

That is the best way that our government can improve our chances of keeping our jobs and of getting ahead. I suggest that you discuss these vital matters with your chosen representatives in Congress, in your state government, in your local community.



President, McGraw-Hill Publishing Company, Inc.

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*An undesirable mode of combustion in Ramjet burners.

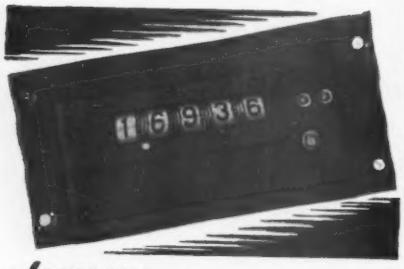
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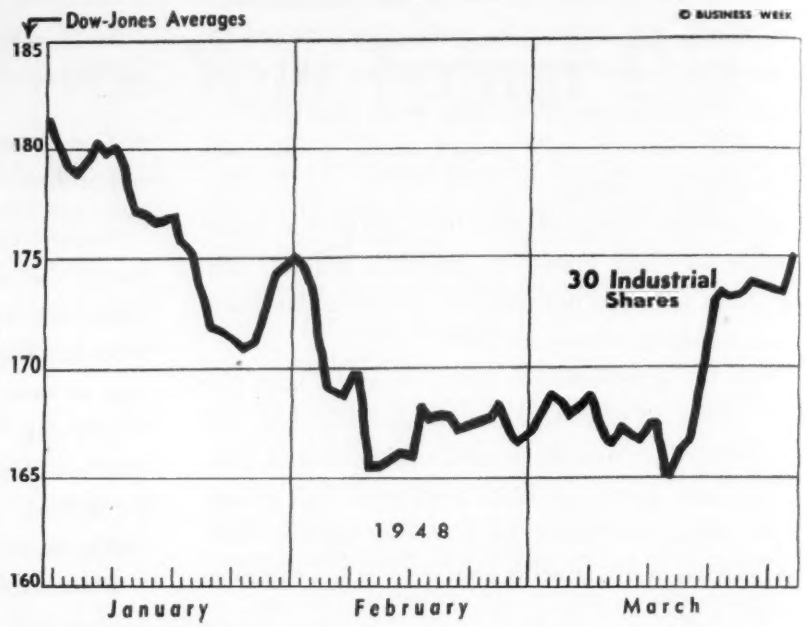
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THE MARKETS



"TRUMAN WAR RALLY" is Wall Street's name for stock price boom

Stocks Shoot Up—How Far?

There has been a big change in majority sentiment in the market, with heavy buying of "war issues." But some skeptics wonder how long it will last; they see profit curbs ahead.

Wall Street knew this week that a page in business history is being turned —far more important than the picket-police battle in front of the New York Stock Exchange (page 99).

The question everywhere is how much Washington's preparedness drive will mean to business (page 19)—and how soon.

• **An Answer**—The stock market, for its part, has come up with a tentative answer: It sees the prospect of booming business for a large segment of industry.

Of course, Wall Street's reputation as a business forecaster has suffered some blows. The break in September, 1946, and the long sidewise movement ever since missed the country's climb to record levels of peacetime business—and the best earnings ever.

But businessmen now seem to be listening to the combined judgment of traders in stocks—as that judgment is expressed in prices. And price moves in the stock market have been sharp lately (chart). Also, as prices have risen, trading volume has expanded—so much that the quotation ticker has occasionally been running late.

• **Reason?**—What has caused investor psychology to change from one of frustration to at least cautious optimism? This seems to be the answer: The belief is that the Administration is charting a course that would lead the national economy gradually from healthy budget surpluses, which are inherently deflationary, back to deficit financing with all its inflation potential.

Many stock market participants have left the sidelines to become buyers. They believe that:

• **No real business recession** lies ahead. For some time business will be sparked

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	145.9	135.3	137.3	145.6
Railroad	44.2	41.1	41.4	43.5
Utility	68.3	65.5	64.6	76.7
Bonds				
Industrial	118.5	119.1	119.3	123.8
Railroad	104.1	103.6	103.1	113.4
Utility	113.1	113.2	114.1	113.5

Data: Standard & Poor's Corp.

by (1) consumer and trade purchases touched off by fears of subsequent "war shortages"; (2) government stockpiling operations; and (3) more armament orders. These can be counted on to hold business activity close to capacity levels.

• **Enactment of selective service** (perhaps UMT, too) will heighten manpower shortages. So labor's bargaining power improves, and its chances of getting new wage boosts are better. This not only adds to inflationary pressures, but may even set off buying to beat expected price rises.

• **"War financing"** may be necessary later on, so federal fiscal authorities must now see to it that money stays easy. This will eliminate the trend toward hardening money rates recently worrying the stock market.

• **When, How Much?**—Obviously, it is going to take time for much of industry to feel a rearmament program. And the program's scope is still unknown.

But it's a stock market habit to discount what lies ahead, not the current picture. So stock buyers now are largely centering their activity on shares of the industries they expect will profit most, directly or indirectly, from war preparation—or actual war. At the same time nonarmament stocks have not been entirely ignored. They too have gone up in the recent stock-buying spurt.

The most favored, however, have been the heavy-goods shares (BW—Mar. 27'48,p98)—stocks of aircraft, rail, oil, shipbuilding, mining, steel, and similar companies. Many such issues have shot up to levels some 50% to well over 100% above the lows of 1947.

• **Question**—How far up will the present buying spurt take the market? There are many market observers who aren't too optimistic on this point. Many will even admit privately that they don't expect the "Truman war rally" to prove—over the near term, at least—anything more than an intermediate price upswing that will mean handsome profits for nimble traders.

Many brokers think we might see a fairly sharp recession before we again enter, if we do, a real or half-way war economy. They remember, too, how quickly the 1939 "war market" died out. And they know that national defense programs can fail to produce boom stock markets; this was true when England and Europe were feverishly rearming in 1937-39.

• **Profit Curbs**—But even more important: These dissenters feel sure that a defense-program boom would soon bring back the excess-profits tax, plus other rigid controls that hit profits.

The Street's Labor Woes

Wall Street this week had its first really serious labor trouble. It came with some familiar trappings: lengthy, noisy picket lines; attempts to upset Street routine by force; outbursts of violence.

The strike against the New York Stock and Curb Exchanges was called suddenly by the Street's dominant union, the United Financial Employees (A.F.L.). But so far it hasn't achieved its major objective: the complete stoppage of trading. In fact, it hasn't even caused any serious inconvenience to the exchanges.

• **Carry On**—Partners in member houses, with the help of senior clerks, quickly took over the tasks formerly handled by 1,100 union members on strike. By Wednesday these makeshifts were working well enough to make a 1.8-million-share day on the Big Board possible. Brokers are now confident that they have enough experience to assure smooth handling even of much larger volumes.

While the strike was called suddenly, it wasn't entirely unexpected. On Mar. 1 the old contracts between the union and the exchanges expired. And there had been threats that a strike would be called at a "bad time" for the Street unless union demands were met.

• **Demands**—Here's what U.F.E. wants: a $9-a-week pay hike for members earning less than $40; $15 for those earning more; a new union-shop provision. The latter would require all new employees of the exchanges to join the union and present members to maintain their membership. (Big Board employees voted by a margin of 691 to 61 in favor of a union shop in a recent NLRB election held under the Taft-Hartley act. So did Curb workers by a 178 to 12 tally.)

Both exchanges are willing to extend the maintenance-of-membership clause of the old contracts, but they stop there. They are less adamant on pay raises: The Big Board is willing to boost salaries $3 to $5; the Curb has offered to pay employees a 10% cost-of-living bonus.

• **Threat**—When this difference of opinion can be settled isn't clear. For some time the Federal Mediation & Conciliation Service has been hard at work on the problem. And it hasn't given up yet; it has arranged for more management-labor meetings. Its efforts, however, have thus far done little toward bringing about any settlement.

Before the trouble is over, there's a chance that U.F.E., to get its demands, may try to pull a general strike. Despite much past evidence to the contrary, the union still claims it has a majority in many leading firms. And late Wednesday it started to set up picket lines covering the headquarters of a number of brokerage houses, thus indicating that a general strike call might be imminent. If such efforts should prove successful, Wall Street's trading would undoubtedly be badly crippled.



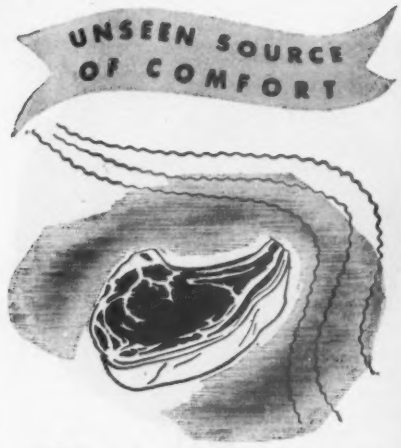
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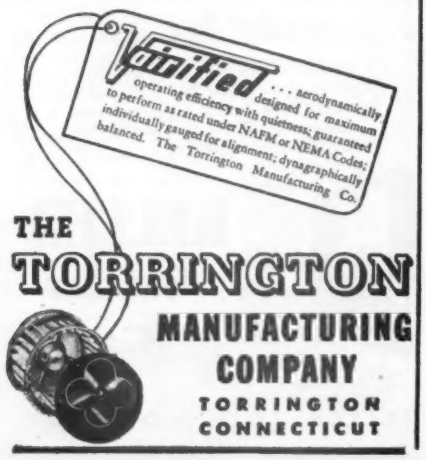
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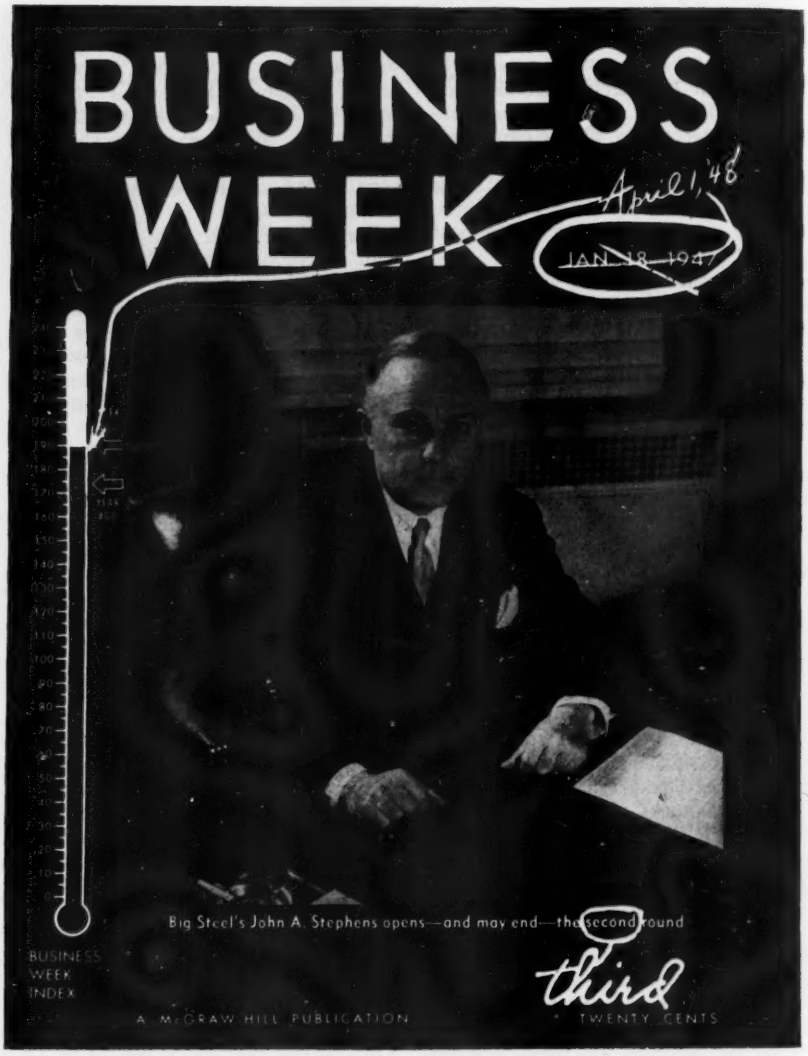
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AGAIN IN 1948 industry's man of the week: John A. Stephens, chief negotiator for U. S. Steel Corp. in third-round wage talks with Philip Murray's steelworkers

Repeat Performance

All eyes are on Big Steel again this year as it starts third-round wage talks with C.I.O. Industry hopes U.S. Steel will set the national pattern—because it is in very favorable bargaining position.

Although the New York Stock and Curb Exchanges were struck this week for the first time in their history (page 99), Wall Street had time for a sizzling rumor. It was that Big Steel and C.I.O. had come to a wage agreement; that the 1948 pay boost was going to be a dime. The story couldn't be verified or traced to its original source. The two men who would know for sure were in Pittsburgh, and they weren't talking.

These two are Philip Murray, president of the steelworkers, and John A. Stephens, vice-president in charge of industrial relations for U. S. Steel. They were preparing this week to begin the familiar ritual of negotiating wages, under a contract which runs to Apr. 30, 1949.

• **Bargaining**—Under the provisions of that contract, Murray wrote the corporation a letter on Apr. 1. He signified his desire to take up the wage question in a conference to begin Apr. 5.

The contract binds the company to meet with him at that time—but noth-

ing in that document compels it either to grant or to arbitrate any increases. If by Apr. 30—failing an extension of negotiations—the company and the union are not agreed about new pay scales, present rates will continue for another year. Murray has no legal recourse to a strike.

Because of these contract terms, Big Steel is considered to be in a better bargaining position than bellwether companies in auto or electrical manufacturing. So many businessmen are hoping that U. S. Steel will make this year's "pattern setlement."

• **Miscalculation**—Presumably Murray's union is in this fix because its erstwhile counsel, Lee Pressman, shared Moscow's idea that there would be a U. S. depression in 1948. He is supposed to have induced Murray to bargain away the union's freedom to strike for an ironclad defense against wage cuts. Pressman is no longer the steelworkers' lawyer (BW—Feb.14'48,p100). Murray's legal aide in Big Steel negotiations will be Pressman's successor as C.I.O. and steel union general counsel—Arthur Goldberg, 39, who has been handling labor cases for the Illinois State C.I.O. Council. Goldberg is senior member of the Chicago law firm of Goldberg, Devoe & Brussell.

Aside from wages, the only issue that may arise in negotiations now is a company-financed health and welfare plan—unfinished business from 1947. If Stephens is willing to talk welfare, he has an extensive piece of research made jointly with the union for use as reference. If he doesn't want to discuss the matter, he can keep it off the agenda until an entirely new contract is drafted next year.

• **Starting Point**—Steel's basic wage is now $1.09 an hour plus 2½¢ in "fringe" benefits. Although the union has not specified its current demands, there is a wide belief in labor circles that Murray is willing to settle for adjustments bringing the figures up to $1.20 and 5¢. Whether it's true that he has already closed for 10¢, and is only going through with negotiations to satisfy protocol, won't be known for another two weeks at least.

T-H DODGE REBUFFED

The left-wing unions feel that the National Labor Relations Board has treated them badly in the Campbell Soup Co. case—which was decided this week. They had counted on the ruling to wipe out completely the Taft-Hartley act's inhibitions on unions whose officers refuse to swear that they are not Communists.

A series of NLRB interpretations has already watered down the anti-Communist intent of the T-H law (BW—Mar.13'48,p102). In the Campbell case,



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however, the leftists apparently overstepped themselves.

When Campbell opened a new plant in Sacramento, Calif., a cannery local of A.F.L.'s Teamsters petitioned NLRB for an election. C.I.O.'s Food, Tobacco & Agricultural Workers wanted to intervene in the proceeding. It was barred from doing so because its officers had not filed non-Communist affidavits. So Mrs. Josephine Froehlich sought to intervene.

When she filed her motion to intervene, Mrs. Froehlich was a paid representative of F.T.A. She resigned that position five days before NLRB opened hearings. At the hearing, she declared that if she was elected bargaining agent for the Campbell employees she would represent them as an individual.

But NLRB this week denied Mrs. Froehlich a place on the ballot. The board made a major point of one fact: Mrs. Froehlich could not contradict the charge that F.T.A. officers had announced at a union meeting that she was fronting for their organization.

Reading NLRB's decision, lawyers for left-wing unions had one piece of advice for their clients: Next time, don't be so obvious.

I.T.U. Injunction

Court issues first T-H order restraining union pending NLRB decision. Printers must bargain—but not necessarily sign.

The National Labor Relations Board this week won its first major court test under the Taft-Hartley act. The loser was A.F.L.'s embattled International Typographical Union. The court O.K.'d this point about the T-H law: NLRB may seek injunctions against unfair labor practices pending a final adjudication by the board.

• **NLRB's Petition**—This had been NLRB's first use of this injunction clause. The object was to enjoin I.T.U. from striking to force employers to accept posted conditions of employment (rather than a formal contract).

U. S. District Court Judge Luther M. Swygert issued the restraining order on a petition filed by NLRB. He decided that I.T.U.'s "no contract" policy (BW—Sep.6'47,p84) "has been a contributing, if not the sole, factor" behind strikes and slowdowns in newspaper plants. And he found that public welfare has been affected because printing disputes have deprived the public of "complete and current news."

• **Must Bargain**—Hence, Judge Swygert ruled that I.T.U. must rescind any action that orders or encourages its locals to flout the T-H law. The locals must

be allowed to bargain in good faith. They may not seek any form of contract which discriminates in hiring or jobholding because of union membership or the lack of it. They must negotiate contracts having a "definite term," according to the "custom and practice in the industry"—a bar against 60-day cancellation clauses which I.T.U. has demanded in some contracts.

The injunction will continue in effect until NLRB completes processing an unfair labor practice charge filed against I.T.U. as a result of the Chicago newspaper dispute. Among other complaints, the American Newspaper Publishers Assn. is arguing that I.T.U. insistence on posted working conditions in Chicago has been a refusal to bargain—in violation of the T-H law.

• **Face-Saver**—I.T.U. moved quickly this week to comply with the court's commands "during the life of the injunction and until the final order by the NLRB." It said that it was instructing locals to "disregard advice previously given, and to enter into agreements for a definite term."

The I.T.U.'s acceptance of the court order was in part a further withdrawal from its closed-shop demand, fast becoming untenable (BW—Mar.27'48, p102). The injunction was a face-saver. It permits international officers to return bargaining to local unions, which until now have been committed to negotiating only on the basis of national I.T.U. policy.

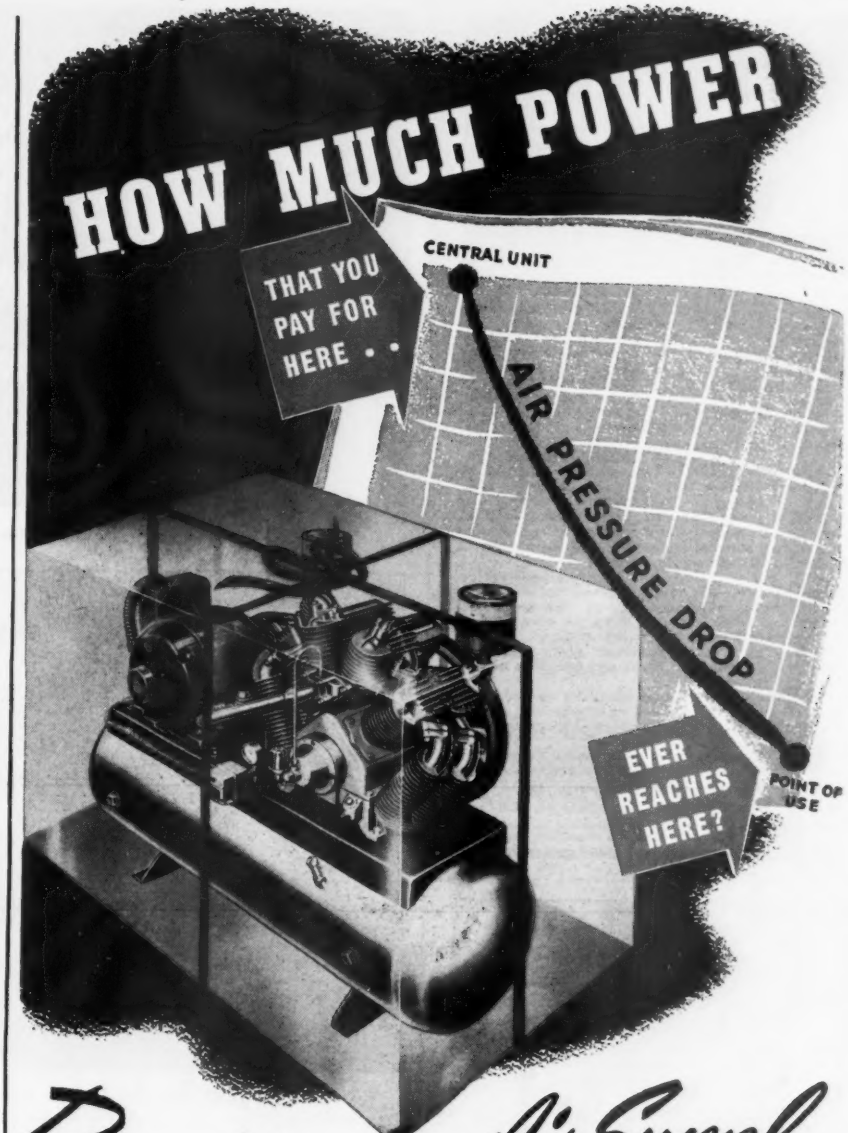
• **Future Pattern**—But I.T.U. withdrawal of its "no contract" orders to locals will not necessarily mean a wave of settlements.

The writ only requires locals to bargain with employers, not to sign with them. The locals can't insist any longer on a closed shop, but bargaining can trip over wage and other economic issues. And new or continuing strikes will be legal ones.

Furthermore, now that I.T.U. has complied with the terms of Judge Swygert's order, it's free to support its local unions which are "in full compliance with instructions issued by the international union in compliance with the [Swygert] decree."

This is an important factor for the I.T.U.'s tight strike lines. Currently, benefits in Chicago amount to about $75,000 a week; 60% of the weekly scale for married printers, 40% for unmarried strikers.

The Pictures—Acme—26 (cent.), 76, 86, 104 (bot.); Int. News—20 (bot.), 104 (top), 108, 123; McGraw-Hill World News—46; Pix Inc.—100; Press Assn.—20 (top), 26 (top).



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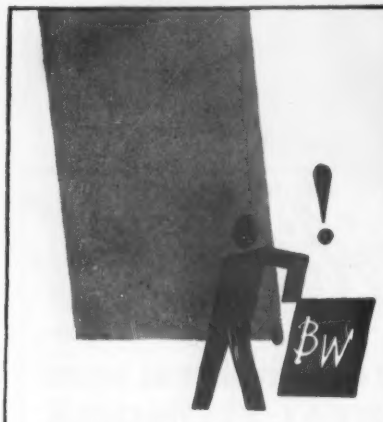
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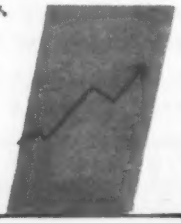
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Present maneuver may make victory easier later, when strike on pension—and wage—issues would be legal.

As the coal strike came to the end of its third week, President Truman studied the report of his fact-finding board and the Dept. of Justice prepared for injunction proceedings to get the miners back to work.

Slowly, the Taft-Hartley act was being invoked against John L. Lewis. It looked as though what the fact-finders considered a strike for pensions—and what Lewis called a "common and legitimate disinclination" of men to dig coal—was about to be concluded. If that happened, the miners would go back to work with no gains to show for their walkout; the pension issue would remain unresolved; and the United Mine Workers of America would seem to have suffered a defeat.

• **The Rub**—But would it really be a defeat? That question haunted industry and government alike. Here is what's involved:

The injunctive provisions of the T-H law can stall a coal strike for 80 days. After that, a strike is not only permissible, it is beyond the reach of existing law. Thus, if the miners are ordered back to work on Apr. 5, they can walk out again with impunity on June 26.

• **Strategy**—The reason it has taken so long to get miners back to digging is that the government had a tough time proving that the walkout was a strike. If Lewis, for example, had been negotiating wages with the coal operators, reached a deadlock, and so notified the miners, it would have been much easier to overcome the "what is it?" problem. He didn't raise the wage issue, however.



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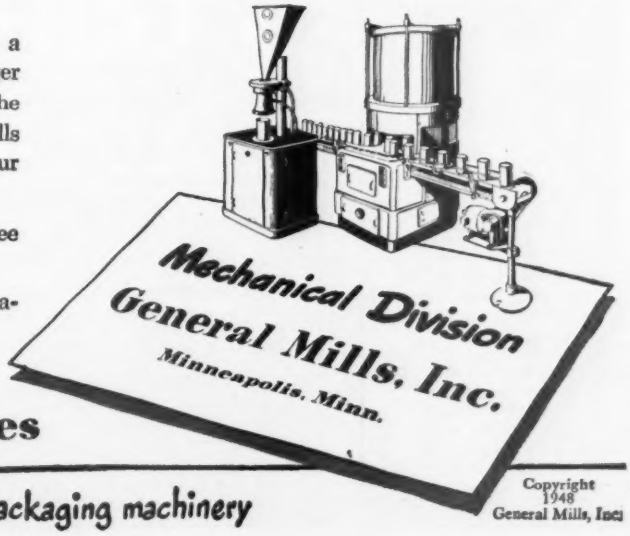
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thereby stalling T-H law enforcement.

As a result of his maneuvers, Lewis could point this week end to industry's dwindled coal stocks (page 10). He could expect industry to live pretty much on a hand-to-mouth fuel basis for the next few months. He could expect coal stocks by the end of June still to be dangerously low. Hence, if he wants to call a "legitimate" strike at that time, and raise the wage issue, he could be sure that his strike would bite deep from almost its first day.

• **Opportunity**—Under the Taft-Hartley act, the President can do nothing but make a report to Congress if after an 80-day injunction a critical strike still pends. The end of June will find the nation between the Republican and Democratic national conventions, Congress in recess, and the great political sweepstakes under way. Lewis could hardly ask for a better time to fight his pension demands to a finish and plug for new wage levels.

He may operate on that schedule. If he does, the question of whether he had a real setback this spring will come into an entirely different light.

U.P.W. UNION LOSES

A 12-week strike of cafeteria workers in 42 government buildings in Washington ended this week. The loser: Cafeteria Workers' Local 471, affiliated with the leftist United Public Workers (C.I.O.). The winner: Government Services, Inc., nonprofit company operated on the side by government officials.

The big issue was the company's refusal to negotiate a new contract at the end of 1947 unless the union qualified under the Taft-Hartley act; local president Richard A. Bancroft had balked at signing a non-Communist oath. The company also claimed U.P.W. no longer represented a majority of its 1,300 employees, and asked the union to get a new certification.

The resulting strike closed three cafeterias. The continued impasse had its repercussions on Capitol Hill—and even reached the White House, which assigned Federal Works Administrator Philip B. Fleming to seek an end to the strike.

George E. Strong, veteran arbitrator named by Fleming, finally worked out a formula: Bancroft resigned and the new local president complied with the T-H affidavit requirement. The local still wasn't qualified, because U.P.W.'s national officers haven't filed affidavits; despite this the company agreed to "discuss" a new contract with the local. It did not commit itself to sign any new pact. Meanwhile, disputes will be decided by an administrator; either party can appeal his decisions to Allan Johnstone, general counsel of FWA.

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Struck Trucks Roll

Agreement ends delivery tie-up at Kaufmann's store in Pittsburgh. Company says it scores by raising issue of control.

For 23 of the important pre-Easter business days, the delivery trucks of Kaufmann's department store in Pittsburgh were strikebound. This week they were rolling again. The second phase of the Steel City's big department stores' offensive against Local 249 of A.F.L.'s Teamsters Union is over. The result, from the stores' point of view: good.

• **Costs High**—According to Pittsburgh department stores, their delivery costs are the highest in the country. Wages are part of the explanation. But store officials think the real trouble lies elsewhere: in inefficiently operating manpower, slowdowns, strikes, and bad morale. For such conditions, the stores hold Local 249 accountable.

For 11 years, Pittsburgh's Big Five (Kaufmann's, Rosenbaum, Gimbels, Frank & Seder, Joseph Horne) have had trouble with the local. So when the trouble started in 1937, they banded together in the Labor Standards Assn. for a common front on labor problems. Last year, they were ready to take on the fight. It came during the pre-Christmas rush: a costly city-wide strike.

When it was over, all the stores except Kaufmann's (a unit of May Department Stores) had strengthened their bargaining position. They did it by shifting the contract termination date from out of the Christmas season to Feb. 1. The Kaufmann contract won't expire until next November.

• **Second Phase**—The second phase of the offensive against high labor costs started Mar. 1. On that date, all of the stores except Gimbels—which had a special warehouse problem—reduced delivery operations from a six-day to a five-day weekly schedule. To follow through for greater efficiency, Kaufmann's assigned industrial engineers to ride its trucks and survey routes.

The first engineer boarded a Kaufmann truck. The driver refused to step on the starter. Kaufmann's fired him and Local 249 called a strike.

Meanwhile negotiations with Local 249 bogged down. The store's proposal to arbitrate was rejected. Kaufmann's went into the courts.

• **Interim Accord**—Kaufmann's filed a $500,000 damage suit under the Taft-Hartley act, petitioned the Court of Common Pleas to invoke the 20-year-old, seldom-used Pennsylvania arbitration act. The strike ended on a six-point agreement: (1) an immediate return to work; (2) no pay for the strike period; (3) negotiations to go on for 15 days; (4) the dispute to go to arbitration if parleys are fruitless; (5) the store to schedule meanwhile a six-day delivery week; (6) the engineers to stay off the trucks until the issue is resolved by negotiation or arbitration.

• **Ready for Next Move**—Kaufmann's cannot point to any victory in the interim agreement. But the store is satisfied that it has raised some basic issues. That, it feels, is progress. Now it is anxious to move along with the other Pittsburgh stores to establish managerial control over delivery operations.



SIGNING contract, president R. F. Fix of Continental with union weatherman

WEATHERMEN'S CONTRACT

Continental Air Lines meteorologists have to be 90% right or lose their jobs. That clause was written into a unique union contract that took effect last week. The union: a new Society of Airline Meteorologists, which is out to organize aerial weathermen nationally.

The contract provides that, for safety's sake, Continental meteorologists must give accurate forecasts (1) of height of ceiling and visibility at the Denver airport four hours in advance, and (2) of weather conditions on the company's 2,900 miles of routes.

Meteorologists are to be graded on their forecasts (0%-100%) by pilots. The union has set 90% as a "fair" standard. If a member at Continental fails to keep that grade, he may be discharged without recourse to grievance procedures.

Union members must also swear annually that they are not Communists. The contract bars them from striking or hampering company operations.

Emmett T. Grace is national president of the union.



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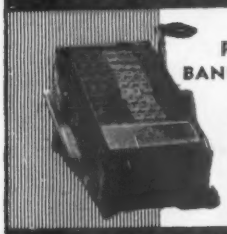
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Rail Strike Due?

It could come Apr. 26 as three operating brotherhoods express disappointment over fact-finders' recommendations.

Threats of a national railroad tie-up were added to Washington's labor woes this week. They came from three operating brotherhoods, "bitterly disappointed" over recommendations by presidential fact-finders in a contract dispute.

• **15½¢ Increase**—The emergency board, named under the Railway Labor Act, proposed a 15½¢ hourly pay hike and changes in 14 rules. Last year, the carriers and two other operating brotherhoods had signed contracts with similar terms (BW—Nov.22'47,p19). The new award—which either party is free to reject—would simply extend these terms to the three groups which originally turned them down.

The three—the Brotherhood of Locomotive Engineers, the Brotherhood of Locomotive Firemen & Enginemen, and the Switchmen's Union—are no more in the mood to accept the terms now than they were last year.

So they are letting the possibility of an Apr. 26 strike hang grimly over carriers and the government. Under the Railway Labor Act, all legal bars to a rail strike will be lifted on that date—30 days after the emergency board report was filed.

• **War Council**—Negotiating committees of the three brotherhoods met at midweek to plan the next steps in their wage drive. Meanwhile, the Brotherhood of Railway Trainmen and the Order of Railway Conductors prepared to pitch into the fight.

The B.R.T. and the O.R.C. made a separate settlement with the carriers last November. A 15½¢ hourly raise had just been awarded by arbitrators in a case involving the roads and 17 nonoperating unions (BW—Oct.4'47,p84). The carriers offered the same wage terms to the operating unions. B.R.T. and O.R.C. accepted. But it was an unpopular pact which led to much criticism from the rank-and-filers in both of the unions.

Result: Officers of the B.R.T. and O.R.C. this week called their negotiating committees back to plan new wage demands. Other objectives are two-week paid vacations, overtime pay for Sunday and holiday work, and other rule changes.

• **Two-Month Study**—The fact-finding board which reported this week was named two months ago to avert a three-brotherhood strike set for last Feb. 1. It was headed by Dr. William M. Leiserson; its members were George Bushnell and W. Willard Wirtz.

The board recommended the 15½¢ hourly increase to keep all railroad labor on an equal second-round pay basis.

• **Work Rules**—The board also suggested 14 work-rule changes out of 37 sought by unions or carriers (BW—Oct.4'47,p84). One change would give higher pay to workers in rail yards; another would boost rates paid to crewmen on lightweight equipment. Switchmen would get a 20¢-a-day upward adjustment in pay under a third change. But the board recommended against extra pay for night work and for Sunday and holiday work.

The board sharply criticized the brotherhood-carrier dispute on the rules issue. When it asked for facts about work rules, it said, it got "a barrage of conflicting arguments about a lot of little details.

"In our judgment this kind of failure has, so far as collective bargaining is concerned, malignant potentialities."

• **Foretaste**—Meanwhile, a short-haul line had a foretaste of what a rail strike means. The Chicago, North Shore & Milwaukee Railroad shut down last week when employees struck. Reason: They hadn't got a 15½¢ pay boost recommended by fact-finders earlier this year. Management of the interurban electric line said it couldn't pay any more with present fares, complained that the line lost $95,977 last year.

The strike affected about 72,000 riders daily, most of them commuters in the Chicago area.

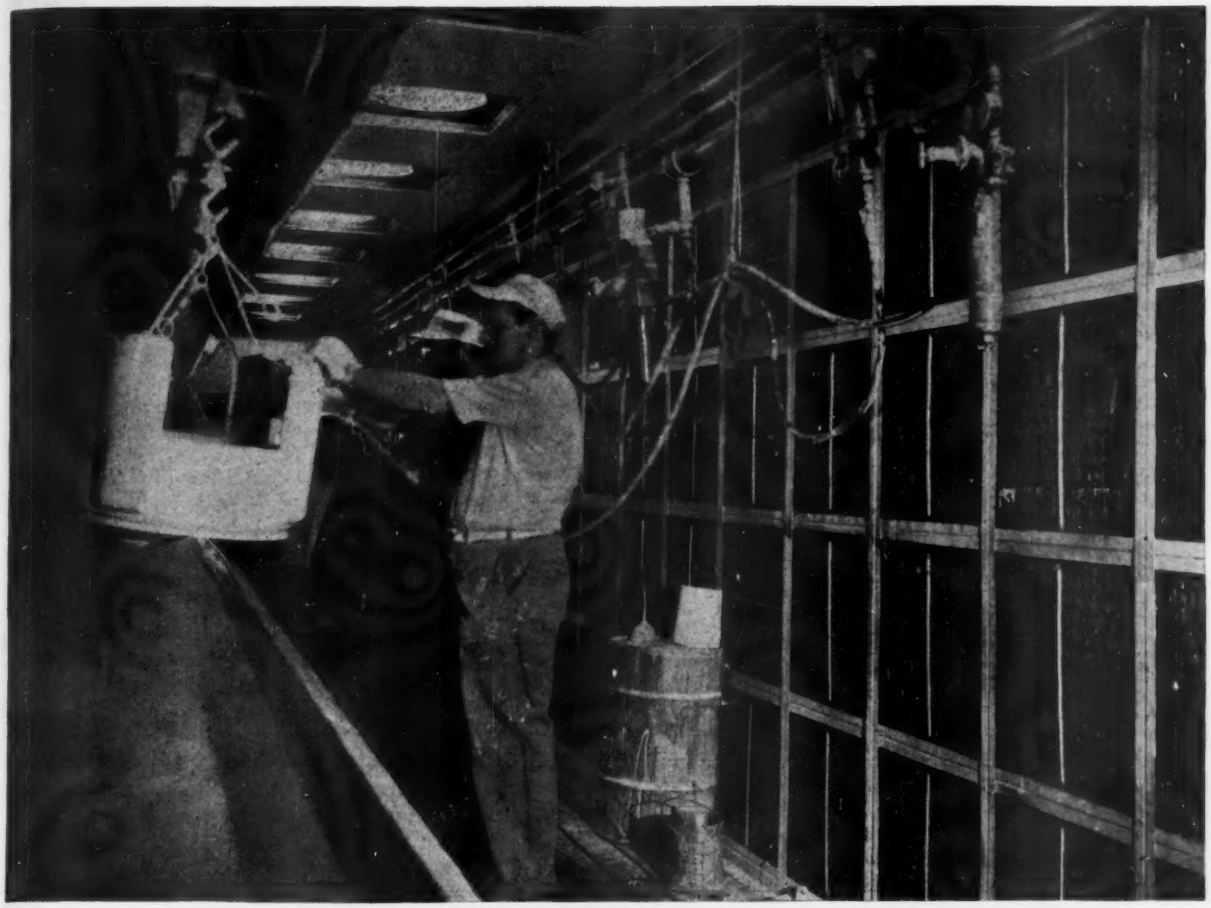
Guaranteed Pay

N.A.M. issues a practical study showing techniques being used successfully to cut down employment fluctuations.

Guaranteed annual wage demands aren't expected to blow up any contract negotiations this spring. But neither unions nor managements have lost interest in the issue. Experts on both sides, along with a lot of academicians and government specialists, continue to give the subject careful study.

• **Basic Reports**—Within the past year, for example, three top-level research agencies have published basic reports.

These are: "Guaranteed Wages," which came from the Advisory Board to the Office of Temporary Controls and was addressed to the President; "The Guarantee of Work and Wages," from Harvard's Graduate School of Business Administration; and "The Guarantee of Annual Wages," from the Brookings Institution. (A summary of these volumes and an appraisal of the whole broad sub-



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What's Happening to the Cost of Living

	Food	Clothing	Rent	Gas & Electricity	Other Fuels & Ice	House Furnishings	Misc.	Total Cost of Living
August, 1939	93.5	100.3	104.3	99.0	96.3	100.6	100.4	98.6
January, 1941*	97.8	100.7	105.0	97.4	104.2	101.1	101.9	100.8
February, 1941	97.9	100.4	105.1	97.3	104.0	100.4	101.9	100.8
February, 1942	116.8	119.0	108.6	96.7	112.0	119.7	109.4	112.9
February, 1943	133.6	126.2	108.0	96.3	117.8	124.1	113.6	121.0
February, 1944	134.5	135.2	108.1	96.0	124.2	128.7	118.7	123.8
February, 1945	136.5	143.3	108.3	95.5	124.1	144.0	123.4	126.9
February, 1946	139.6	150.5	108.3	93.8	127.8	149.7	125.6	129.6
February, 1947	182.3	181.5	108.9	92.2	142.3	180.8	137.4	153.2
March	189.5	184.3	109.0	92.2	142.5	182.3	138.2	156.3
April	188.0	184.9	109.0	92.5	143.8	182.5	139.2	156.2
May	187.6	185.0	109.2	92.4	142.4	181.9	139.0	156.0
June	190.5	185.7	109.2	91.7	143.0	182.6	139.1	157.1
July	193.1	184.7	110.0	91.7	146.6	184.3	139.5	158.4
August	196.5	185.9	111.2	92.0	154.8	184.2	139.8	160.3
September	203.5	187.6	113.6	92.1	156.3	187.5	140.8	163.8
October	201.6	189.0	114.9	92.2	157.4	187.8	141.8	163.8
November	202.7	190.2	115.2	92.5	160.5	188.9	143.0	164.9
December	206.9	191.2	115.4	92.6	162.0	191.4	144.4	167.0
January, 1948	209.7	192.1	115.9	93.1	165.0	192.3	146.4	168.8
February	**204.7**	**195.1**	**116.0**	**93.2**	**165.9**	**193.0**	**146.4**	**167.5**

** Base month NWLB's "Little Steel" formula.*
Data: U. S. Bureau of Labor Statistics; 1935–39 = 100.

ject are in the December, 1947, issue of the American Economic Review: "The Annual Wage—Where Are We?," by the late Prof. Herman Feldman of Dartmouth's Amos Tuck School of Business Administration.)

• **N.A.M.'s Report**—Most of the material being turned out on the subject is necessarily theoretical. But this week the National Assn. of Manufacturers came out with a new study of its year-old campaign for voluntary employment stabilization. N.A.M.'s "Employment Stabilization—Industry's Progress Toward Steady Work and Steady Pay" is at least a practical document.

Here is an example of its tone: "Any promise to employees that job security can be assured by a 'guarantee' of wages, whether work is done or not, is tragically misleading."

• **Other Points**—The 48-page N.A.M. report also takes up briefly: (1) preparations to be made for stabilized job programs; (2) programs and techniques that have been used successfully; and (3) the progress and prospects of job stabilization by management.

N.A.M. is also circulating the results of a poll taken by the Employment Stabilization Committee of the Associated Industries of Minneapolis. The committee reported on some of the techniques actually being used to minimize employment fluctuation. Among them:

Employee training for several jobs, instead of just one, is pushed so that a basic work force can be shifted from job to job as production requirements change. This plan is being used in 106 of the 126 Minneapolis companies that answered the questionnaires sent out in the poll.

Manufacturing for stock is being done by 94 of the companies, to prevent layoffs in slack periods. This provides year-round employment for the basic work force, but the jobs aren't guaranteed; peak-season work loads are met by adding temporary employees.

Maintenance work is deferred until slack seasons by 75 of the reporting companies. Then, the basic work force does it to keep employment from dropping with production.

Simplification, or standardization, of production is designed to cut layoffs that are caused by frequent machinery changes.

Advertising campaigns are used to encourage off-season buying, thus evening out production needs during the year.

Personnel practices are improved to avoid hirings and firings at the same times in different departments.

Flexible hours and work-week provisions are inserted in labor contracts, so that production work can be spread over as many employees as possible.

Side-line products that use existing machinery and techniques are developed to be turned out in slack periods to keep plants open.

Of 100 firms which reported definite job-stabilization programs in Minneapolis, 56 said fluctuations in employment had been cut materially; 27 said the reduction was only slight.

INTERNATIONAL OUTLOOK

BUSINESS WEEK
APRIL 3, 1948

SERVICE

The U. S. is out to mend its fences in Latin America.

So a high-powered delegation has gone to the Pan American Conference at Bogota.

Secretaries Marshall and Harriman are there; Snyder may follow.

Our Latin-American neighbors feel the U. S. has been paying too much attention to Europe—at their expense (BW-Mar.13'48,p113).

•

This is what Marshall and his team have to offer at Bogota:

(1) Off-shore purchases of Latin-American goods for the European Recovery Program. These should total about $1.7-billion for the first year of ERP (though only a few countries have the kind of goods we want to buy).

(2) A $500-million credit for economic development in Latin America. This will probably be handled by RFC rather than the Export-Import Bank.

(3) A plan to cut duplication of U. S. and local taxes on American firms operating in Latin America. This would encourage more private investment.

•

To the Latin Americans, this won't look like much of a program.

They want a multi-billion dollar Inter-American Bank to finance their development projects. (Biggest share of the money, of course, would come from the U. S.)

It may be World Bank President McCloy's job to stall off this demand.

McCloy is not an official delegate at Bogota. But he will drop in at the conference for several days—and get plenty of attention.

Reason: The World Bank has just made its first Latin-American loan—to Chile (page 122). And McCloy plans to go on from Bogota to Ecuador, Peru, Argentina, Uruguay, Brazil, and Venezuela.

•

Latest news from Italy indicates that de Gasperi's strength is on the increase (page 118).

Estimates two weeks ago put the Communist vote in the Apr. 18 elections as high as 45%. Now the figure has dropped to 40% or under.

Here are some reasons for the shift:

(1) The U. S.-British-French move on Trieste (BW-Mar.27'48,p116).

(2) The attack of Western Europe's Socialists on Nenni's left-wing socialist party, which has reduced its following.

(3) The barrage of packages and letters from the U. S.

•

U. S. and British cotton manufacturers are putting their heads together in Britain this week.

But discount reports that the talks aim at dividing up world markets for cotton textiles.

What the meeting in Manchester may do, though, is put a damper on the revival of the Japanese cotton industry.

British cotton men are reconciled to a partial comeback of the Japanese industry. But they want to enlist the U. S. group in blocking a full revival.

•

India has just launched its first ocean-going vessel. It was built by the Scindia Steam Navigation Co. at Vizagapatam.

The vessel is a single-screw cargo steamer with a deadweight capacity of 8,000 tons. Structural steel came from the Tata Iron & Steel Co., the power units from Britain.

A second 8,000 tonner will be launched at Vizagapatam shortly; and the

keel of a third is now being laid. Scindia hopes to build at least five such ships a year by 1950. It has spent $12-million on its yards already.

This is part of India's drive for a 2-million ton merchant marine. The aim is to carry India's entire coastal trade and part of its overseas tonnage.

•

The government of India is pushing plans for two 500,000-ton steel plants.

Exact locations haven't been picked. But both plants are slated for northeast India—close to the high-grade coal fields at Bihar.

The Delhi government is sponsoring these projects. But it hasn't reached a decision on the key question of government ownership vs. a joint setup with private industry.

Behind the plan lies India's desperate need of steel. Last year total output was only 960,000 tons, and imports only 20,000 tons. Current demand is officially estimated at 2.5-million tons.

•

Private business in India is also on the move.

Mahindra & Mahindra, Ltd., of Bombay has closed a deal to buy and transfer the diesel engine plant of Venn-Severin Engine Co., Chicago.

However, the plant will remain in the U. S. for 12 to 18 months while it's operated as a training school for Indian engineers. During that period priority will be given to exports of engines to India. The plan is to ship 250 complete units and parts for 750 more.

•

Restoration of the Standard Vacuum oil refinery at Palembang, Sumatra, is proving a real dollar-saver for Australia.

Last year the Commonwealth spent $1-million a month on U. S. petroleum.

Now it expects to fill its needs from Sumatra, and pay in sterling.

Three shipments, totaling 13.4-million gallons of gasoline, have already reached Australia in Standard Vacuum tankers.

However, this won't end gas rationing. Canberra has agreed with London to go easy on oil from the Netherlands East Indies. Britain wants some, too—to cut its oil purchases in the Western Hemisphere.

•

Reynolds Metals Co. is planning to go into business in Japan.

The idea is to buy out, or buy into, an existing aluminum company there.

The investment in equipment and know-how may reach $20-million.

This will be Reynolds' second move in the Far East. It has closed a deal with the Chinese government (BW-Feb.21'48,p112).

•

Ott & Co., Swiss-British firm operating out of Hong Kong, may soon corner the Far East's high-grade iron ore.

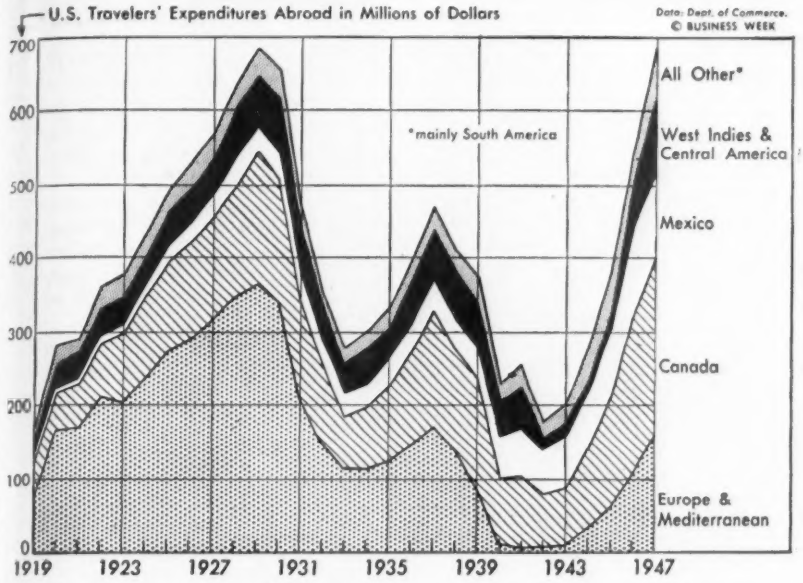
It already controls the rich iron ore of Hainan Island, off the coast of South China. And it has put in a bid to buy the Johore mines (just north of Singapore in the Malay Peninsula) from the British government.

These are the two chief sources of high-grade ore in the Far East. (The Japanese-developed mines in Manchuria produce lower-quality ores, and are in Chinese Communist hands, anyway.)

If Ott & Co. gets control of Johore, too, it would be easy to put the squeeze on Japan. The country needs at least 1-million tons of good ore annually. And Ott is already charging a high price for the Hainan ores sold to Japan.

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BUSINESS ABROAD



TOURIST DOLLARS will help balance books abroad. Europe may get bigger cut

New Travel Peaks in 1948?

Transatlantic ships and airlines booked solid through September, yet transportation shortages will keep total travelers to Europe way down. Most Americans will stay in this hemisphere.

Travel agents and dollar-short foreign governments asked themselves a big question this week: Are gathering war clouds going to spike the biggest European travel boom in years? They know that another Communist coup like that in Czechoslovakia might well bring an affirmative answer.

• **Solid Bookings**—Right now transatlantic ship lines are booked solid from April through September. Overseas airlines are talking of putting on extra flights to boost their service 50% over 1947. And so far, only bookings to Iron Curtain countries and Italy are slackening off. One airline with $2-million worth of bookings to Czechoslovakia figures that it may have to write the whole thing off.

There is no doubt that Americans are really planning to go places in 1948. Tourist spending this year may go 20% over 1947's record of $690-million. This is music to the ears of Western European governments—especially Britain and France. They stand to get a bigger share of tourist dollars this year. (Last year Canada, Mexico, and the West Indies took in more than three-fourths of the total—chart, above.)

• **Shipping Shortage**—But there is still a hard rein on the American tourist invasion of Europe—lack of ships. Ship lines will double up on cabin space wherever they can, pare turn-around times to the bone. Even so, transatlantic liners will be able to take care of only 33,000 passengers a month during the peak season this summer. Lump in another 12,000 a month for air travel and the grand total is only half of what ships alone could have carried in 1937.

This high demand has put lots of new ships on the ways, but only a few will get into service for the summer trade. The S.S. Washington, United States Lines' one-class, dormitory-style ship, started ferrying 1,108 passengers to and from France in February. Cunard will have three more ships in service before the end of the year: the old Britannic with a new look; the 13,500-ton Parthia; and the 33,000-ton Caronia. The Swedish American lines' small (400 passengers) but speedy Stockholm entered the trade last month, replacing the old Drottningholm.

• **Airlines Up**—The airlines have been able to react more quickly to demand. Last year U. S. overseas airlines boosted their passenger miles 71.3%. A little more than half the number of persons going abroad traveled by air (chart, right). Heavy bookings and plenty of planes promise to bring a further heavy increase this year.

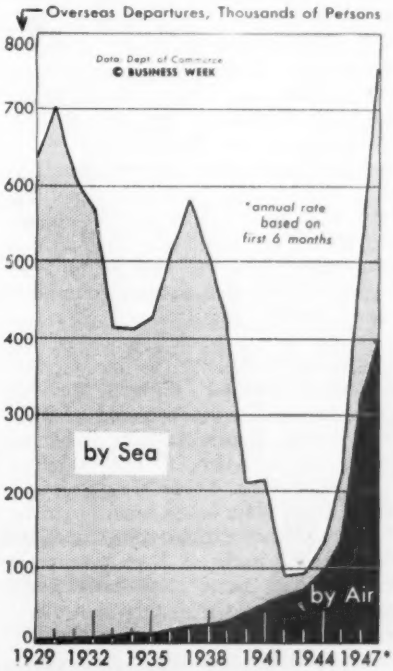
American Overseas Airlines will step up its transatlantic flights from 15 to 22 per week by midsummer. TWA plans a 50% increase in its European service, Pan American a 20% boost. And most of the smaller foreign lines are doubling their schedules for the summer months.

• **Plush Welcomes**—Western European nations are laying out plush welcome mats for the visiting Americans. Each is vying with its neighbor in promoting its various attractions—cultural and otherwise.

The high spots include the Olympic Games in London (July 29-Aug. 14); Austria's Salzburg Music Festival (July 27-Aug. 31); the Holland Festival in Amsterdam (June 15-July 15); and numerous traditional celebrations in France, Switzerland, Scandinavia, and Italy.

• **Financial Lure**—But the biggest lures are financial rather than cultural. Most governments are taking pains to assure the visiting Americans all the comforts of home. For example, the British government is allowing the tourist to buy clothing and gasoline far in excess of the prevailing austerity rations. It figures that this will bring it a maximum dollar return.

Special adjustments in currency rates for tourists promise to be a sure-fire selling point. The devalued franc will halve tourist expenses. Barring inflation or an outburst of strikes, that will make France the best tourist bargain on the



SHIPS AND PLANES ran at full capacity to carry last year's record passenger load. Throughout the world, ship capacity was greater prewar, but not used fully.

continent. Visitors to Spain will get a 34% rake-off through a special "tourist currency." Poland is offering the dollar-laden American a rate that will give him a purchasing power four times greater than the official exchange.

• **For Businessmen**—Governments are aiming a special line of promotion at the American businessman. Almost every European nation is holding an international trade fair (page 122). For the prospective large-scale buyer, Europe's best produce will be on display.

• **Who Will Get Trade?**—Britain and France will get the lion's share of Europe-bound American tourists. Both expect about 100,000. Such a figure in Britain would again make tourism top all its dollar-earners, bring in an estimated $44-million. Last year American tourists spent $37-million in the British Isles and on British-owned transport. This was more dollars than either Scotch or textiles produced.

Switzerland, Belgium, The Netherlands, and Sweden each expect anywhere from 50,000 to 70,000 Americans this summer. Italy is still a big question mark. Offering the lowest prices of any European country, Italy could have a record tourist boom. Whether it gets it, this month's crucial elections will decide.

The African continent also intends to grab a share of the travel market. The Egyptian government is spending $100,000 in the U. S. to extol the beauties of the Nile and Alexandria as a summer resort. The Moroccan government offers tours of the North African battlefields. Even the Belgian Congo plans to spend $1.3-million to develop two travel routes.

• **Western Hemisphere**—Despite all this buildup, war jitters and the transportation bottleneck will cause most Americans to do their foreign travel in the Western Hemisphere again this year. Canada will lead all competitors by a wide margin. Last year 21-million junketing Americans spent $240-million in Canada. And the past winter's ski business is reported to have gone 20% over 1946-47.

South of the border, more tourists are expected all along the line. Greatly expanded facilities will help Mexico's effort to top last year's record of 259,000 visitors. South America is all set for a tourist boom, if transportation can be provided. Three Moore-McCormick Line ships—the Argentina, the Brazil, and the Uruguay—must carry the bulk of the passengers. Even running at full capacity, these ships can't come close to meeting demand.

• **Caribbean**—The West Indies and Bermuda trade is better off. With 33 ships on regular cruise schedules to the West Indies, travel revenue may double that of 1947. Bermuda is in the midst of a $1.5-million advertising campaign to make 1948 a record year.

ROME LETTER

ROME—Russia or America? That's the choice Italy's 29-million voters will make on Apr. 18.

The choice is reflected endlessly in the bright campaign posters which blossom on the yellow stone walls of Rome, on the arcades of Turin and Genoa, on the steep sides of the palazzos in Florence. East or West? The question buzzes like an angry fly around the dusty town squares from Messina to Milan.

Italians sense uneasily that they are the center of world interest again. They are afraid but excited.

Meanwhile business stagnates and industry runs down as the fateful election day creeps closer. Sporadic strikes explode here and there like pre-Fourth of July firecrackers. Every few days the police sniff out new hidden arms.

ON the international front, the battle for the Italian voter has been joined with a vengeance. On one side, Russia proposes that Italy's former colonies be returned. Tito agrees to dicker over Trieste. Russia and Poland ship paper for Italy's Red press.

On the other side, Secretary Marshall declares no further U. S. aid can be expected by a Communist-dominated Italy. The West suggests that Trieste be returned outright. France agrees to join Italy in a customs union.

The multiplicity of Italian parties doesn't obscure the East-West choice. But it does complicate things even if you toss out the dozens of local and splinter parties.

On the left stands the "Popular Front." This electoral union is composed principally of Communists under Togliatti and left-wing Socialists under Nenni. In the last elections, held in June, 1946, the Communists got 19% of the votes and the Socialists, 21%. Since then, however, 54 of the 106 Socialist deputies have seceded to form what is now the Socialist Union under moderate leaders Saragat and Lombardo. Close to these Socialists is the Republican party, which got 4% of the total in 1946.

In the center are the Christian Democrats, led by Premier de Gasperi. A former Vatican functionary, he is just as adroit a politician as Togliatti. The Christian Democrats won 35% of the votes in the previous election. They are a conglomerate party, Catholic in inspiration and moderately conservative. They provide the only effective opposition to the Reds.

On the right are the ultra-conservative Nationalist bloc, the Monarchists, and the neofascist Italian Social Movement. Together, they may poll around 10% to 15% of the vote.

The Catholic church, of course, is throwing its weight behind the anti-Communist force. The Pope called on all the faithful to vote, and to vote anti-Communist in an Easter address in Rome.

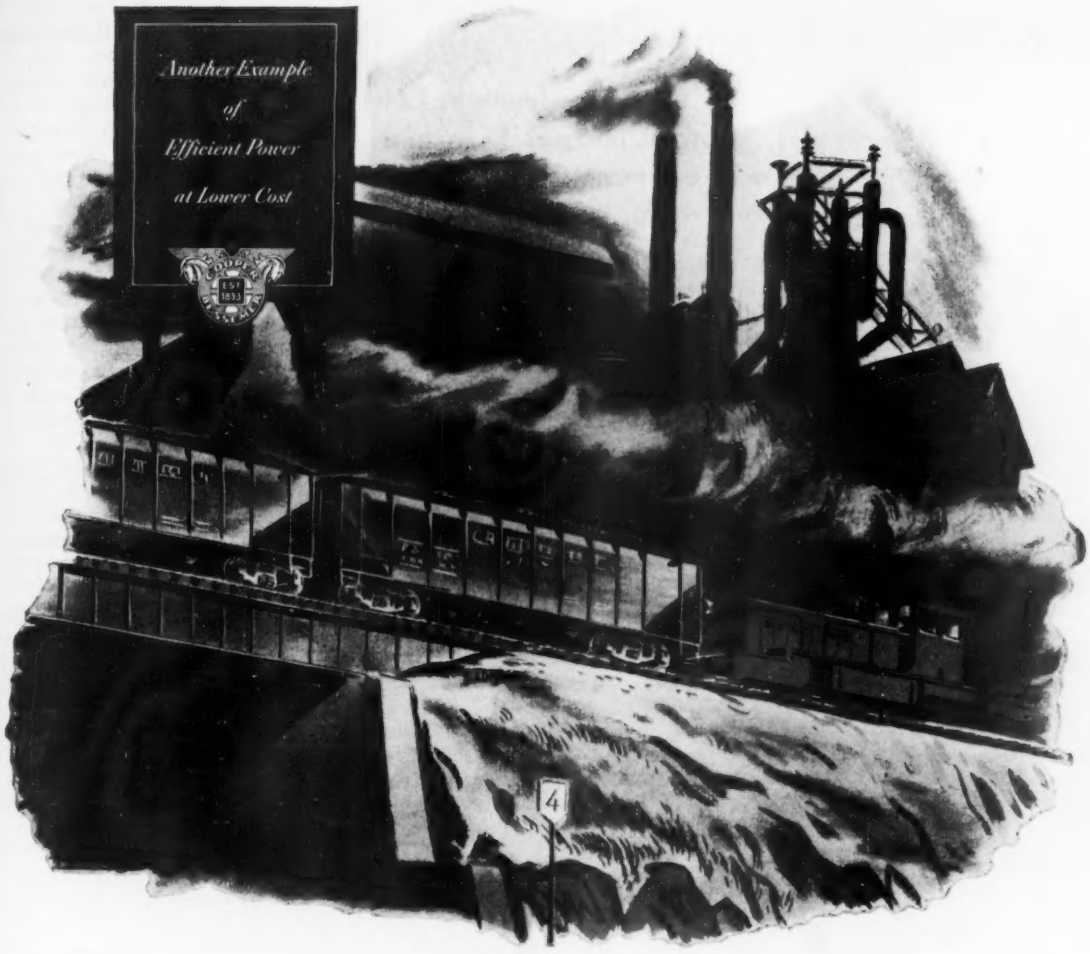
THE Marshall Plan is one of the principal issues in the campaign. Italy relies already on American aid for nearly half its imports. Some 90% of Italy's bread this month came from the U. S.

But the Communists do their best to confuse this issue. Their first trick is to belittle the amount of U. S. aid. Their second is to insinuate it's not really aid because the Italian housewife must pay lira for the bread she buys. Last, they are trying desperately to sell the voters the Cominform line that U. S. aid will shove Italy into war.

The Popular Front is playing on the desperate poverty of many Italians. Peasants are promised division of the vast estates in the south. The 2-million unemployed are told increased reconstruction and public works will provide jobs.

The de Gasperi government has gained some ground with its deflation program. This has brought prices down in the last six months, improving the purchasing power of labor and the white-collar workers. At the same time, food prices are still high enough for Italy's farmers to make good profits; this tends to swing the farm vote to the government.

THESE issues—plus the last-minute interventions from abroad—will determine the vote. Most voters regret that the international struggle enters into the election at all. All sides echo de Gasperi's plea, "Let us leave the big powers out of this. We want peace, peace with everybody." Still the East-West choice remains.



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Britain Retreats

About one-fourth its Latin American holdings have been sold and more are on the block in drive for dollars.

A British economic mission is in Rio this week hammering out a general financial agreement with the Brazilian government. Among other things, the negotiators are considering selling to the Brazilians the British-owned Leopaldina R. R., which runs north from Rio.

• **Retreat**—The sale would be another step in the British postwar financial retreat from Latin America. Longest marches so far in this withdrawal have been:

(1) The liquidation of British-owned Argentine railroads for $600-million (BW—Feb.14'48,p113);

(2) The sale of British railroads in Uruguay for $28.6-million;

(3) The sale of the Montevideo streetcar system for $7.2-million.

• **Buying Survival**—Britain has been buying economic survival by selling foreign assets ever since the desperate days of 1940. It jettisoned about $1-billion dollars worth of its Latin American holdings during the war. These sales made up nearly one-fourth of total British assets in Latin America. British investments in the U. S., Canada, and India were put on the block wholesale during the same period.

The present British action in Latin America, therefore, is not a symptom of any new crisis. It merely provides a temperature reading of Britain's lingering war sickness. Cash from foreign assets sales went for fighting gear up until 1945. Now it is being used to cut down Britain's towering sterling debt. This debt recently climbed up to roughly $15-billion; when the war ended it was $13.4-billion.

• **Amount Invested**—Official soundings of the depth of Britain's investment reservoir in South America are not made public. But the South American Journal, 85-year-old London weekly, publishes an estimate each year. It is compiled from listings of stocks and bonds on the London stock exchange and from company reports. This assessment of the extent of the investment is the best currently available.

The 1947 survey of Britain's Latin American investments makes two main points:

(1) The rate of return on investments

British Investments in Latin America

Year	Total Investments (Millions of Dollars*)	Interest Payments (Millions of Dollars*)	Interest Payments (% Return on Total)	Investments Paying No Interest (Millions of Dollars*)
1947	$3,641	$85	2.3%	$1,731
1945	3,681	101	2.7	1,599
1943	3,714	92	2.4	1,619
1941	3,682	71	1.9	1,619
1939	4,512	76	1.6	2,792
1933	4,807	84	1.7	3,166
1913	3,997	191	4.7	329

Distribution by Country, 1947

Country	Total Investments (Millions of Dollars*)	Interest Payments (Millions of Dollars*)	Interest Payments (% Return on Total)	Investments Paying No Interest (Millions of Dollars*)
Argentina	$1,396.5	$21.8	1.5%	$849.7
Brazil	854.4	31.9	3.7	102.0
Chile	184.1	3.5	1.8	41.1
Uruguay	174.3	5.7	3.2	69.2
Mexico	562.7	5.6	1.0	373.8
Cuba	109.4	.8	.7	92.7
Peru	108.1	1.5	1 3	82.7
Venezuela	71.6	7.3	10.2	38.0
Colombia	21 8	.9	3.7	4.1
Bolivia	12.3	.8	6.5	6.9
Guatemala	40.1	1.0	2.3	25.2
Ecuador	17.7	.3	1.4	15.2
Paraguay	11.3	.1	.6	9.0
Costa Rica	17.8	.2	.9	15.2
Honduras	3.6	....	...	3.6
Salvador	6.8	.1	1.6	3.0
Nicaragua	....	...	...	....
Shipping	33.0	2.5	7.5	....
Banking	16.2	1.0	6.0	....

* *Converted at rate: £1 =$4. All figures rounded.*
Source: South American Journal, London.

skidded to the 1942 level: 2.3% on total investments.

(2) The value of investments paying no return rose to $1,731,000,000—or 47.5% of the total.

This reversed a trend. The rate of return has been rising for 12 years. The war pushed it from 1.6% in 1939 to 2.8% in 1946. The amount of investments paying no return had been dropping for as many years (table, page 120).

• **Railroads and Bonds**—British investments in Latin America have been concentrated in railroads. They will still hold a narrow lead even after the sale of Argentine, Uruguayan, and Brazilian lines. In 1947, railroad investments added up to $1,750,000,000. The rate of return last year was the lowest on any group of holdings—only 0.7%. About 76% of these investments paid nothing.

British-held Latin American government bonds totaled about $900-million last year, paid 2.7%. This return was down from 1945 and 1946 but higher than any other since 1931. Only a little more than 3% of these investments didn't pay off at all.

• **Industry and Banking**—Industry and mining holdings were the most lucrative. The return on $936-million invested was 4.8% last year. Less than 40% of these investments paid no return.

Investments in banking and shipping totaled only $49-million. In the aggregate they paid a return at the rate of 7%. This was down slightly from 1946, but still was higher than in any other year since 1913. Returns have come in from all these investments for seven consecutive years.

• **Breakdown**—A geographic breakdown of Britain's Latin American holdings for 1947 showed the main investment centers to be: Argentina ($1,396,500,000), Brazil ($854,400,000), Mexico ($562,700,000), and Uruguay ($174,300,000). The recent sale of its Argentine rail holdings has given Britain a greater total investment in Brazil than in any other Latin American country.

The rate of return in these major countries ranged from 1.5% in Argentina and 1% in Mexico, to 3.2% in Uruguay and 3.7% in Brazil. The rate of return last year was highest in Venezuela (10.2%), thanks to high dividends paid by the Venezuelan Oil Concessions Co. The long-standing leader, Bolivia, finished second with a 6.5% return on investments.

During recent years the rate of return on Bolivian investments ranged from a spectacular 22% in 1943 to a breathtaking 36% in 1946. (British investments in Bolivia total $12.3-million.) The drop in profits from Bolivia last year was due to a sharp increase in the proportion of nonpaying investments from 16% in 1946 to over 56% last year.

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Trade Fairs Plentiful In Europe and Canada

This summer will bring out a host of international trade fairs. Europe and Canada will lay out their industrial best for the traveling American businessman. And some U. S. entries will use the fairs to try for a foothold in the world market. The leading attractions are:

BRITISH INDUSTRIES FAIR, London and Birmingham, May 3-14. Apply: Export Promotion Dept., 35 Old Queens St., London S. W. 1.

BRUSSELS INTERNATIONAL INDUSTRIES FAIR, Brussels, Apr. 17-28. Apply: Foire Internationale de Bruxelles, Palais du Centenaire, Brussels.

CANADIAN INTERNATIONAL TRADE FAIR, Toronto, May 31-June 12. Apply: Canadian Government Exhibition Commission, 47 Bank St., Ottawa.

DANISH INDUSTRIAL EXHIBITION, Copenhagen, Apr. 2-12. Apply: Secretary, Danish Industrial Exhibition, Borgergade 19, Copenhagen.

HANOVER EXPORT FAIR, Hanover, Germany, May 22-June 5. Apply: Joint Export-Import Agency, Minden, Germany.

INTERNATIONAL TRADE FAIR, Lyon, France, Apr. 3-12. Apply: Albin Gontard, Rue Menestrier, Lyon.

PRAGUE INTERNATIONAL FAIR, Prague, Sept. 12-19. Apply: Prazske Vzorkove Veletrhy, Veletrzni 20, Praha VII, Czechoslovakia.

ROYAL NETHERLANDS INTERNATIONAL INDUSTRIES FAIR, Utrecht, Apr. 6-15 (and in September). Apply: Foreign Dept., Royal Netherlands Fair, Utrecht, Holland.

ST. ERIK'S FAIR, Stockholm, Aug. 25-Sept. 3. Apply: St. Erik's Massan, Stockholm 3, Sweden.

SWISS INDUSTRIES FAIR, Basel, Apr. 10-21. Apply: Foire Suisse D'Echantillons, Basel 21, Switzerland.

World Bank Grants Chile $16-million Loan

The World Bank's first loan outside Europe has gone to South America. Chile is the lucky nation. It will get a total of $16-million for economic development—the first loan in that field to be made by the bank.

• **Two Projects**—The $16-million will go to a Chilean government organization known as Corporacion de Fomento de la Produccion. This corporation was established during the war to push Chilean industrialization and modernization. The money will go into two projects:

(1) Hydroelectric development in the central part of Chile. This involves the addition of 81,200 kw., including a 54,000-kw. plant to serve the major area of population, industry, and agri-

ture in and around Santiago. For this project, the World Bank is advancing $13.5-million to buy equipment and supplies.

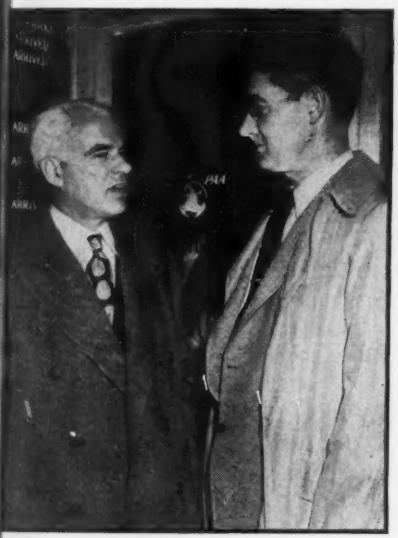
(2) A buying program for agricultural machinery designed to step up production and efficiency of Chilean agriculture. This will use up the $2.5-million remainder of the loan.

• **Terms**—The $13.5-million part of the loan runs for 20 years, carries 3¼% interest. Amortization payments will begin in the sixth year and slated to retire the indebtedness by maturity.

The $2.5-million advance matures in six and a half years and carries an interest rate of 2¾%. Amortization payments will begin in the third year and pay off entirely by maturity.

The $16-million is guaranteed by the government of Chile. In accordance with its articles of agreement, the World Bank will charge a commission of 1% annually, which will be set aside in a special reserve fund.

• **Other Plans**—Aside from construction of hydro plants and mechanization of agriculture, the development program of the Corporacion de Fomento de la Produccion includes cement plants, a steel mill, petroleum exploration and development, improvements in municipal transportation, copper smelting.



LIBERIA BOUND

Off for new fields—not to conquer, but to develop—are top officials of the recently formed Liberia Co. (BW—Dec.13'47,p113). They are Edward R. Stettinius, Jr. (left), chairman, and Blackwell Smith, president. They flew from New York to Monrovia last week to talk over with the West African republic's president, William V. S. Tubman, plans to open up the rich, undeveloped country. U. S. businessmen—including Farrell Lines (page 82)—hope to profit from the Liberia Co. project.

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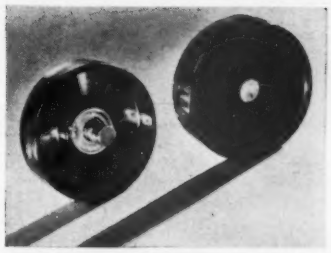
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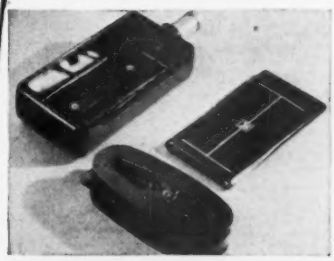
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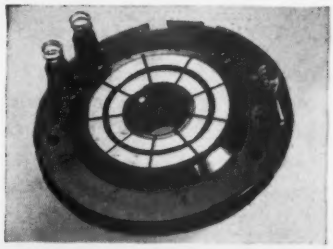
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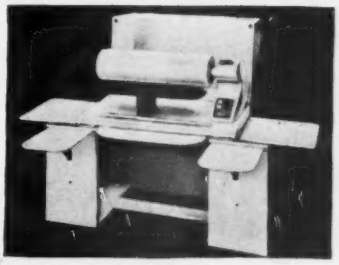
TEXTILE MACHINE TENSION PULLEY



TIRE INSPECTOR LOCATING HEAD



MAGNETO PARTS



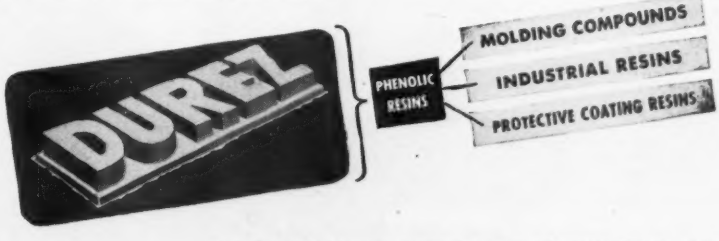
IRONER FEEDBOARD and CONTROLS

TEXTILE MACHINE tension pulley is a molded shell of medium-impact Durez, fitted with metal shields and mounted on a deep-groove metal ball bearing. Noncorrosiveness, light weight, and moldability are desirable properties that supplement the impact resistance of Durez in textile machinery.

TIRE INSPECTOR locating head serves to spot bits of metal imbedded in rubber. Self-insulation in the material is the primary requisite. Impact-resistant Durez combines this with strength needed to withstand rough service in garages.

MAGNETO PARTS requiring metal inserts are best made of a plastic material with a flexible set that will not crack around the inserts. Measuring high in all needed properties, one of the high-impact Durez compounds is widely used in this service.

IRONER FORMING TABLE of Durez emerges from die with molded-in finish over which damp clothes will slide easily and smoothly. Impact strength of this plastic enables the table to take hard wash-day abuse. Easy moldability and dielectric properties are duplicated in the Durez thermostat dial knobs, shaft, and brackets.



PHENOLIC PLASTICS THAT FIT THE JOB

THE TREND

Engineering ERP

Now that the United States is getting ready to give full governmental approval to the Marshall Plan to aid European recovery, we would like to ask two questions:

How much engineering, if any, went into the preparation of the requirements list drawn up in advance by the Europeans?

How much engineering, if any, will be employed by the U. S. as the program gets under way?

We have a partial answer for the first question; no answer as yet for the second.

The bits and pieces of the European Recovery Program were put together by government technicians of the 16 Western European nations. They were principally economists and statisticians. But, we are told, what they worked with had a hard core of engineering.

For example, the participating countries have so-called "national plans" in coal, in petroleum, in hydro-electric power. The hydro plans, for example, have all been put together by "competent and experienced electrical engineers," to borrow a phrase from a recent report of the Herter committee. The same report goes on to say that "it is impossible at this great distance to express a professional engineering judgment" as to how good that engineering is.

It is also impossible to say whether a collection of well-engineered plans for individual nations would still get a good rating from engineers as an integrated plan. Perhaps the Monnet plan for steel is good for France. Perhaps the British Iron & Steel Federation's plan for steel is good for Britain. And possibly the same could be said for the similar programs for steel in Luxembourg, Belgium, and Sweden. But there is a real question whether they can be joined together as the best possible combined ERP steel program.

One of this country's greatest engineers made that point in talking about the lack of engineering in the distribution of electric power. Development of big hydro projects in individual countries sound very uneconomical to him. He also deplored the fact that Middle East oil wasn't pushed even more than it was as a big source of power in Western Europe.

The points he raised, and others, lead us to our second major question: How much engineering will be done by the U. S. in screening European demands?

When the ERP shopping list was first received in this country, it was gone over carefully in Washington. But the measuring stick was availability. If Europe asked for too much steel—more than we thought we could spare, that is—the steel item was scaled down. Engineers were not used at that stage.

That is why we believe engineering review should and must be introduced as soon as the program is launched. Congress certainly did not provide for engineering explicitly in the legislation. So it is up to the Economic Cooperation Administration to do something about it.

U. S. engineers should be on the ECA staff to decide which projects are sound from an engineering standpoint. They should also tell the Administrator which projects can be completed fastest and designate those to be given priority.

America's industrial might is largely a tribute to the skill of our engineers. It would be a pity to ignore them when the industrial economy of Europe is being restored with our aid; it may even be a tragedy—politically and economically—for Europe and the whole world if we fail to provide our best engineering talent to ERP.

An Expensive Saving

Congressional cuts in the appropriations requested for the Bureau of Labor Statistics are becoming almost as perennial as spring. They certainly are not so welcome.

This year the House Appropriations Committee authorized a cut of 54% in the total requested for the coming fiscal year. The committee report recommends total funds amounting to $2,500,000 as against a request of $5,389,200. Since BLS' current appropriation amounts to $4,056,218, the newly authorized reduction will mean a 38% drop from the current level of operations. This follows right on the heels of a 34% reduction made last year because of a major budget cut in Congress.

One effect of the House cut is to refuse outright all requests made for additional funds. These increases were sought to provide statistical services which were believed to be urgently needed at this time.

Another effect is to make it impossible to continue unchanged the collection and output of statistics now provided by BLS.

Those data are generally of greatest value to business and industry. They cover such fields as retail prices and cost of living, wholesale prices, employment and payrolls, wages, productivity, occupational outlook, industrial accidents, and strikes. On the "Figures of the Week" page of Business Week, average prices for industrial raw materials and domestic farm products appear by courtesy of BLS.

In order to live within a reduced budget, the bureau will be forced to do one of two things: (1) discontinue entirely certain statistical series, or (2) reduce the size of the sample on which the indexes are based. We look upon either course as dangerous.

There is still time before the two houses of Congress complete their work on fiscal-1949 appropriations. We hope and we urge strongly that some of that time will be used to review the BLS budget and restore it to the full amount requested.

